ICC Bangladesh
The world business organization

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In quest of energy for growth

Speaking for ICC Bangladesh

ICC Bangladesh, established in 1994, is comprised of major Chambers of Commerce, Business Associations, Stock Exchange, Banks, Non-banking Financial Institutions, Trans-national Companies, Law & Accounting Firms and large Corporate Houses having significant interest in business.

Since its inception ICC Bangladesh has been working closely with the government of Bangladesh in reforming laws and rules that govern business and liberalizing trade to integrate Bangladesh with global market place. The activities of ICC Bangladesh include promotion of foreign trade and investment, trade policy reviews, business dialogues, seminars & workshops on related issues, harmonization of trade law & rules, legal reforms, updating business with the ICC rules & standards for cross border business transactions.

ICC Bangladesh has been actively engaged in Modernization of Arbitration and Alternative Dispute Resolution Act, Introduction of ATA Carnet system in Bangladesh for temporary importation of exhibits and samples, Modernization and simplification of tax laws, Customs Act and its application and Developing of Bangladesh Foreign Trade Institute (BFTI) and Developing Information Technology (IT) Act.

ICC Bangladesh has organized three international conferences over the last 15 years. In November 2000, ICC Asia Conference arranged by the National Committee was inaugurated by the Hon'ble Prime Minister Sheikh Hasina, M.P. The first ever Conference was attended by a number of high profile dignitaries including the Thai Deputy Prime Minister, ADB President, Under Secretary General and Executive Secretary of ESCAP and Chinese Vice Minister for Foreign Trade & Economic Cooperation.

Again in 2004, ICC Bangladesh organized a Conference on "Global Economic Governance and Challenges of Multilateralism" which was inaugurated by the then Prime Minister Khaleda Zia, M.P. and the then Prime Minister of Thailand Dr. Thaksin Shinawatra was the Keynote Speaker. A galaxy of leaders including heads of governments & ministers from developed, developing and least-developed countries as well as heads of multilateral organizations including WTO and EU were present. 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. The Regional seminar inaugurated by the President of the People's Republic of Bangladesh Professor Dr. Iajuddin Ahmed, was attended by Chairmen/CEOs of securities & exchange commissions, capital market operators, financial institutions and investors from the Asian countries.

ICCB activities also include conducting workshops on topical issues related to business promotion and high level Public-Private dialogue on Bangladesh Economy and future perspective.

The first ever ICCB Business Directory was published in 2008 to serve as a Guide for prospective investors from both home and abroad.

Since 2008 ICC Bangladesh has been hosting a regular IFC "FIT Initiative" (Finance of International Trade) and Certified Documentary Credit Specialist (CDCS) examinations for development of professional skills of bankers and those dealing with international trade.

This year, ICC Bangladesh arranged a Conference on Energy for Growth on April 13 coinciding with the 15 years of ICC's presence in Bangladesh, The Conference was attended by more than 700 business persons from home and abroad of whom over 500 were registered delegates. The speakers at various sessions included Energy experts, power developers, gas exploiters, coal miners, international financiers from Australia, China, Denmark, India, Germany, Japan, Singapore, Switzerland, UK and USA. Besides, the State Minister for Power, Secretaries of the Power and Energy Divisions and Chairmen of Bangladesh Energy Regulatory Commission (BERC), Petrobangla (Bangladesh Oil, Gas and Mineral Corporation) and Power Development Board (PDB), Business Leaders and Senior Bankers participated as Speakers.

ICC Bangladesh

International Chamber of Commerce-Bangladesh

The world business organization

National Secretariat
Suvastu Tower (6th floor)
69/1 Pantha Path, Dhaka-1205, Bangladesh
Tel: +880 2 862 1942, 9676698, Fax: +880 2 862 1027
E-mail: iccb@bdmail.net, web: www.icc-bd.org

International Headquarters
38, Cours Albert Ier
75008 Paris, France
Tel: +33 1 49 532828, +33 1 49 532942
Fax: +33 1 49 532942

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Mahbubur Rahman

Vice Presidents
Latifur Rahman
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Editor's Note

Investment in Power Essential to Accelerate Growth

Bangladesh currently faces a power shortage of gigantic proportions, presenting enormous challenges but also opportunities.

Currently, per capita power consumption in Bangladesh is the lowest in the region, only 183 kwh compared to 325 in Sri Lanka, 408 in Pakistan and 665 kwh in India. Only about 47% of our population of 150 million has access to electricity, but even that is irregular in supply.

Most of the power generation is mainly based on natural gas, on the assumption of its plentiful reserve. Now, it is found that the existing supplies may last little over a decade more. The demand for gas increased exponentially, with the growth of the manufacturing sector, leaving the power plants with less gas than is required. The outcome is what Bangladesh is facing now, massive load shedding sometimes to the extent of about 1,800 MW.

The two major inputs are available domestically for power generation are gas and coal. The gas supply is currently just under 2,000 mmcfd, against demand of over 2,200 mmcfd. The existing gas fields have limited ability to supply. It is believed that there are extensive reserves of unexplored gas, which will be discovered with "exploration". However, the cost of exploration has increased in the recent past, while capital has become scarce.

Coal-the other input, of which the estimated reserve is about 3,300 million tonnes with 884 million tonnes are proven reserves. As the quality of coal is excellent, there is strong justification for its use in power generation. Countries that have coal, use it for power generation-in India, 64% of power comes from coal, whereas in China it is 81%, in Australia it is 76%, in the US it is 49% and in South Africa it is 94%. Bangladesh is a rare example of a country that does not use its coal in significant quantities for power.

Energy is a vital ingredient to economic growth; there is a strong correlation between energy use and GDP at the early stages of economic growth. For Bangladesh to grow at rates of about 8%, the availability of power must increase at a much greater rate.

The Government has drawn up extensive plans for meeting the energy needs.The Prime Minister unveiled, in Parliament, the Government's ambitious new plan for power generation. According to that, by 2015 more than 9,276 MW of additional electricity will be added to the national grid. Looking at the annual break-up of additional generation, this appears to be an ambitious plan. If this plan is translated into concrete action, this will help overcome the current power shortage. However, given the manner in which demand is increasing, it is doubtful if even this will cater to the additional need generated by the targeted growth rate of the economy of over 6.6%.

The investment need in the power sector is colossal: for power generation, transmission and distribution. Simultaneously, investment is required for hydrocarbon exploration and exploitation. Here, the Government must not only be innovative, but also bold and decisive. The country should adopt a policy of "zero tolerance" to any obstruction to this policy. In this regard, the experience of the Philippines in overcoming its power shortage in less than two years time. The success story of the West Bengal could be considered for Bangladesh.

The current climate for project finance is uncertain, as global economy recovers from the recession. Yet, given Bangladesh's foreign currency reserves and the latest credit rating, the task of finding finance should not be insurmountable. It is vital that the private sector be allowed to participate in establishing power plants with their own sources of finance, within a framework that is realistic.

The sources of inputs for power generation must now become diversified. Moving away from gas, the country must rely on local coal. Fuel oil should be a short-run solution, as fuel oil based power plants are easy to set up and run, though the generation cost is high. Furthermore, we should also look at imported coal and LNG as long term solutions.

ICC Bangladesh News

ICC Conference on Energy
ICCB President briefs developer companies

ICC Bangladesh arranged a meeting on January 28 to brief the energy companies, both local and foreign, operating in Bangladesh about the ICC Conference on Energy for Growth which will be held on 13 April in Dhaka. ICCB President Mahbubur Rahman appraised the meeting that the aim of the Conference is to address the on going energy crisis.

President Rahman said that the Bangladesh economy has been growing at about six percent annually over the last few years and the private sector contribution is mainly from the manufacturing sector. In fact, industry sector achieved double digit at certain point of time. ICCB President while emphasizing development of the manufacturing sector lamented the shortage of power, in the form of electricity, as well as gas.

However, currently Bangladesh is facing acute shortage of energy. Given the importance of this subject, it is contemplated that this conference be just a beginning of the process in which the ICCB, in cooperation with the Government and the private sector, will continue to address this critical issue. Many experts and leading mining and exploration companies from home and abroad are expected to attend this important event which is being held coinciding with 15th anniversary of ICC in Bangladesh.

Mahbubur Rahman hoped that the energy companies will join the Conference and make it a fruitful one. The representatives of the companies thanked the ICCB for taking a timely initiative in arranging the Conference on such a vital topic that is crucial for a sustained development of the economy. They assured ICC Bangladesh of their full cooperation and support.

The meeting was attended, among others by, MCCI Dhaka President Anis Ud Dowla, Singer Chairman Mahbub Jamil, Newage Group Chairman A.S.M. Quasem, IOE (Bangladesh) President & CEO and Amchem President Aftab ul Islam, DCCI President Abul Kashem Khan, Mr. Hasan Mahmood Raja, Chairman & Managing Director, Khulna Power Company Ltd.; Ms. Ayesha Aziz Khan, Director, Summit Power Ltd.; Mr.Gus Mackinnon, Finance Director Cairn Energy; Mr. Michael Schuermann, Managing Director, Siemens Bangladesh Ltd.; Mr. Avik K. Roy, Director, Siemens Bangladesh Ltd.; Mr. Abdul Aziz Khan, Managing Director, Titas Gas Transmission & Distribution Company Limited. (TGTDCL); Engr. Md. Quamruzzaman, Managing Director, Barapukuria Coal Mining Company Ltd. (BCMCL); Mr. Shafiqur Rahman, General Manager, Bangladesh Oil, Gas & Mineral Corporation (PETROBANGLA); Mr. Md. Abdul Awal, Director (Finance), BPC; Engr. Fauzul Akbar, Executive Director, GBB Power Ltd.; Mr. Moazzam Hossain, Chairman Energyprima Ltd.; Mr. Sarafat Chowdhury, Senior Vice President, Aggreko International Projects Ltd. and ICC Bangladesh Secretary Ataur Rahman.

Economy maintained steady growth in 2009: IFC Survey
Energy shortage & weak infrastructure major hindrance for investment

Bangladesh economy showed its mettle in 2009 and maintained a steady growth despite global financial turmoil. The country attained a 5.9 percent GDP growth in the first half of the current fiscal year 2009-10 (July-December 2009), leaving remaining six more months to achieve the 6 percent target. According to World Bank report “Bangladesh: Strategy for Sustained Growth” in 2009 Bangladesh could possibly be a middle-income country by 2016 if GDP growth continues to sustain a 7.5 percent rate throughout the period. According to a Goldman Sachs research report released on December 4, 2009 Bangladesh is one of the 11 countries i.e. Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam who have a high potential of becoming a leading economy in the 21st century, said ICCB President Mahbubur Rahman while speaking at the report presentation of “IFC-BICF Business Confidence Survey, Quarter 4 of 2009 and Quarter 1 of 2010: A Reflection on Business Sentiments” held at the Dhaka Chamber of Commerce and Industry (DCCI) Auditorium on February 13. ICC Bangladesh released the survey Report in co-operation with IFC/BICF.

ICCB President mentioned that to foster economic growth, the industrial sector will have to achieve a larger share of GDP and smooth supply of energy is a basic requirement for industrial growth. Growing power and energy shortages and weak infrastructure remained as major hurdle for investment in Bangladesh. The business community strongly feels that for boosting local economy through qualitative public spending and investment in bottleneck areas, especially in power generation and

gas exploration should now be the top most priority for the government, he opined.

A new round of business confidence survey conducted by International Finance Corporation (IFC), a member of the World Bank Group, reveals that investment picked up in the fourth quarter and investment confidence boosts up for first quarter 2010.

Organized by ICCB and BICF, the survey report presentation brought together business leaders, prominent economists, key private sector players, civil society representatives, government officials and change-makers to share the results of the survey and stimulate discussions on how to broaden the appeal of business reforms.



ICC Bangladesh President Mahbubur Rahman (4th from left) seen speaking at the Report presentation of IFC BICF Business Confidence Survey. BOI Executive Chairman Dr. S. A. Samad (3rd from left), former Adviser to the Caretaker Government Dr. Wahiduddin Mahmud (4th from right), IFC Investment Policy Officer Aminur Rahman (extreme left), Head of IFC BICF Advisory Services in South Asia James Crittle (2nd from left), DCCI President Abul Kasem Khan (3rd from right), SME Foundation Chairman Aftab ul Islam (2nd from right) and IFC Senior Programme Manager Syed Akter Mahmud (extreme right) are also seen in the picture.

As a part of its effort to promote business reforms, the Bangladesh Investment Climate Fund (BICF), managed by IFC, in partnership with the U.K Department for International Development (DFID) and the European Union (EU), surveyed about 1440 businesses around the country to gauge their investment, employment, profitability, and overall performance during July-September and October - December 2009 quarter and their expectation for the January-March 2010 quarter. BICF conducts this survey on a quarterly basis to check the pulse of the business environment.

Aminur Rahman, Investment Policy Officer of IFC presented the survey findings and analyzed the results. The results highlights that business confidence improved in Q4'09 and expected to sustain in Q1'10; investment picked up the fourth quarter and investment confidence boosts up for Q1'10; firms across the board performed better in Q4'09 and firm performance is expected to improve further in Q1'10 with similar pattern across sectors and sizes; on the other hand, overall firm performance tended to better in Sylhet, Dhaka, Chittagong and Barisal compared to Rajshahi, Khulna; outlook for Q1'10 looks promising for all locations.

Head of BICF, IFC Advisory Services in South Asia James Crittle spoke on the occasion and hopes for a "Unnoto Banijya Somridha Bangladesh". Mr. James thanked ICCB President Mahbubur Rahman for making the report presentation jointly. He hoped for future co-operation from ICCB for furtherance of Business environment.

BOI Executive Chairman Dr. S. A. Samad was present on the occasion as the Chief Guest. He said that the system and policies in Bangladesh need to be more investment friendly. He added that many foreign investors are not willing to go through tendering process. They consider it as an additional hassle. His comment came in the backdrop of differences between the government and the World Bank over recent amendments to the public procurement act (PPA). Referring to the extraordinary step by the Philippines' President Fidel Ramos, Dr. Samad said that the President issued an emergency waiver for power generation allowing foreign investors to bypass the tendering process. He said Bangladesh could also attract massive foreign investment in electricity generation in the similar fashion, given the magnitude of the problem.

Dr. Samad observed that Power problem itself offers an opportunity so as the challenge. He said if we can raise our antenna, the nation can be flooded by investment in gas exploration, power generation, coal extraction and LNG. In this regard he referred to the recent road shows in multiple foreign cities to draw US$ 7.00 billion in investments for power projects. Although it has been highlighted that Electricity is the main obstacle for investment, there remains enough scope for investment in this sector he said. He further mentioned that Bangladesh has enormous untapped resources which we

could not explore yet; by exploring those country can achieve 8-9% GDP easily.

Former Adviser to the Caretaker Govt. Prof. Wahiduddin Mahmud who chaired the session mentioned that the survey result will help the Businesses to know about what is happening currently in the business sector and subsequently it will be conveyed to the policy makers which definitely would be beneficial to the Investors. He echoed with the floor sentiment regarding Electricity and Gas crisis for Investment.

Prof. Mahmud identified energy and power crisis as the key constraint to Bangladesh's economic growth. He said unless energy and power problems can be addressed, whatever business confidence improves, it would not help translate into actual investment and export. He further said that physical constraints, like electricity shortage, are holding back the country from improving its business climate.

He said global recession has started biting the country's export with showing the sign of clear contraction. He added foreign investors would be attracted to Bangladesh if the country is able to win back confidence among domestic investors.

ICCB President Mahbubur Rahman also informed the meeting that considering the serious energy crisis in the country ICCB has decided to hold an international conference on 'Energy for Growth' to be participated by dignitaries and experts in the field from home and abroad in Dhaka on 13 April 2010.

SME Foundation Chairman Aftab ul Islam, Chairman & CEO of Newage Garments Ltd., A.S.M. Quasem, BKMEA President Md. Fazlul Hoque, DCCI President Abul Kasem Khan, DCCI Senior Vice President Shahjahan Khan, BFTI CEO Prof. Ali Taslim, Executive Director of Policy Research Institute, Dr. Ahsan H. Mansur, Executive Director, International Business Forum of Bangladesh (IBFB), Brig. Gen. (Retd.) M. Mofizur Rahman, former DCCI President, Zafar Osman, and business leaders, bankers and other stakeholders attended the session.

Workshop on International Trade Fraud

Growing fraud threat causing hindrance to international trade

Businesses in international trade are facing growing threat from fraud. Currently the main threat to international traders is fraud from organized crime, including hijacking of ships and taking crews as hostage at high seas, theft of goods at port and at sea or their business identity, cross-border and road-freight crime. Other risks include infringement of intellectual property or employee fraud, said ICCB President Mahbubur Rahman while inaugurating a day-long ICCB workshop on International Trade Fraud: Prevention, Control & Remedies at the Bangabandhu International Conference Centre (BICC) on February 28.



ICC Bangladesh President Mahbubur Rahman presiding over the inaugural session of the ICC workshop on International Trade Fraud. ICCB Banking Committee Chairman Mamun Rashid and Director of ICC International Crime Services P. Mukundan are seen in his right and ICCB Secretary Ataur Rahman on his left.

ICCB President mentioned that the rise in online trading has created new forms of criminal activity, such as new ways of laundering money etc. International trade fraud is not confined to any particular region, country or industry, commercial crime is growing faster than international trade. Frauds are more complex and involve larger sums than ever before.

He pointed out that Internet has emerged as a blessing for the present pace of life, at the same time it resulted in various threats to the consumers and other institutions. Criminals like hackers, crackers have been able to pave their way to interfere with the internet accounts through various techniques like hacking the Domain Name Server (DNS), Internet Provider's (IP) address, spoofing etc. and have been successful in gaining "unauthorized access" to the user's

computer system and stolen useful data to gain huge profits from customer's accounts.

Bangladesh has been growing fast in the international trade. Both import and export are increasing at substantial rate. As the international trade is growing all parties involved in the trade is also getting exposed to the risk of international trade finance fraud. The more the market of import-export is expanding the more we are facing the risk of unknown events including fraud, ICCB President added.

Mr. Mamun Rashid, Chairman of ICCB Standing Committee on Banking, Technique & Practices said that in view of the situation of growing piracies and commercial crimes ICCB organized this workshop for the second time in Dhaka. He expressed hope that the participants going back to their desk would be able to work more efficiently in combating the commercial crimes in International Trade.

Mr. P. Mukundan, Director & Chief of ICC International Crime Services, visiting expert from UK who conducted the workshop also spoke at the inaugural session. A total of 93 participants from banks, pharmaceutical companies, Govt. export promotion organizations and Export oriented industries attended the workshop.

ICCB organized two workshops on the same topic. The second one was held at Chittagong on March 1. The Senior Vice President of the Chittagong Chamber of Commerce & Industry (CCCI) M. A. Salam inaugurated the Workshop. Mr. Salam said that international trade has been a major driver of global growth and prosperity over the last fifty years. The world today is significantly more economically interdependent than it was fifty years ago. The explosive growth of international financial transactions and capital flows is one of the most far-reaching economic developments of the late 20th century. Revolutionary changes in information and communication technologies have transformed the financial services industry worldwide.

CCCI Senior Vice President pointed out that it is important to recognize that domestic and international financial liberalization heighten the "risk of crisis" if not supported by prudential supervision, regulation and appropriate macroeconomic management. In the recent past, we have observed one of the most severe financial and economic crises in the history. The global financial crisis has created an urgent need to fundamentally rethink how financial systems should function and how it should be regulated. Mr. Salam opined that in this crucial moment of international financial arena, organizing this workshop by ICCB demands appreciation and is a timely step. He mentioned that now-a-days companies engaged in international trade faces growing threat from fraud and forgery. Bangladesh is also at high risk regarding commercial fraud. He hoped that the participants will be able to provide required services to its clients to prevent organized crime in international trade.

ICCB Secretary Ataur Rahman and Mr. P. Mukundan, Director & Chief of ICC -International Crime Services, visiting expert from UK who conducted the workshop also spoke at the inaugural session. Fifty participants from different banks attended the workshop.

Agreement Signed with IFC for BIAC Project

Commercial Dispute Resolution mechanism to encourage investors

Bangladesh Investment Climate Fund (BICF) has partnered with the Bangladesh International Arbitration Centre (BIAC) to help develop a center through which commercial disputes can be resolved. This center is expected to help businesses and investors save time and money by giving them the scope to deal with disputes outside the courtroom setting. BIAC has been established by the three leading chambers, ICC Bangladesh, Dhaka Chamber of Commerce and Industry (DCCI) and the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka to promote ADR in Bangladesh.

Given the delays and uncertainties in settlement of cases through legal process, alternative dispute resolution systems can play an important role in reducing the cost of doing business. However, a structured, institutionalized mechanism must be in place in order to help such a system gain wide commercial acceptance.

Investors or businesses can now turn to BIAC to resolve business disputes in a fair and efficient manner, said BIAC Chairman and ICCB President Mahbubur Rahman and thanked the IFC BICF for supporting this unique ADR Capacity Building Project to be implemented over a three year period. He was speaking in the signing ceremony of the Project Agreement signed between BICF and BIAC on March 23.

Director, South Asia of the IFC Paolo Martelli, mentioned that IFC is very hopeful that on completion of the three years project by BIAC, cost of doing business in Bangladesh will improve and there will



BIAC Chairman Mahbubur Rahman and South Asia Director of IFC Paolo Martelli are seen exchanging documents after signing the Project Agreement on BIAC. MCCI President M Anis Ud Dowla and DCCI President Abul Kasem Khan are seen on their right and left respectively.

definitely be positive impact of the project. IFC is very happy to work with the ICCB, DCCI and MCCI through BIAC by collaborating in implementation of such a vital project for the betterment of the business.

Head of BICF James Crittle asserted that lack of alternate dispute mechanisms was an impediment to the investment climate and removing these impediments encourages investment and thus economic growth and job creation. More importantly the presence of a local centre makes ADR a cost effective option for settling disputes for local businesses.

The Bangladesh Investment Climate Fund is managed by IFC, in partnership with the United Kingdom's Department for International Development and the European Commission. BICF will assist BIAC to provide capacity building to legal experts to help them develop skills in arbitration, mediation and conciliation necessary to execute cases through this mechanism. It is expected that these capacity building activities will help reduce the huge backlog of commercial cases and prevent the accumulation of further backlogs, thus reducing the cost of doing business, reducing legal uncertainties and minimizing the delays of the formal judicial system.

BIAC will also create awareness among bankers, private sector representatives and other stakeholders, in order to promote the use of this efficient alternative to courtroom cases. BIAC will also provide a venue and facilities for international standard arbitration, mediation and conciliation.

The Project Agreement was signed by Mr. Paolo Martelli, South Asia Director of the International Finance Corporation (IFC) of World Bank Group and Mr. Mahbubur Rahman, Chairman of BIAC and President of ICC Bangladesh. MCCI, Dhaka President M. Anis Ud Dowla and DCCI President Abul Kasem Khan were present during the signing ceremony.

Danish Ambassador called on ICC Bangladesh President
Trade issues and ICC Energy Conference were discussed

The Ambassador of Denmark Mr. Einar H. Jensen called on ICCB President Mahbubur Rahman at ICC Bangladesh Secretariat on January 19. They discussed on promotion of trade and investment between the 2 countries. Ambassador Jensen said that the Danish-Bangladeshi cooperation has been developing significantly over the years, and the development assistance is still the backbone of the cooperation. The strategy for the development cooperation for the period 2005-'09 formed the framework for the bilateral cooperation. We also experience an encouraging development in the trade relationships between companies



Royal Danish Ambassador H.E. Mr. Einar H. Jensen (2nd from left) poses for a photograph while visiting ICCB. ICC Bangladesh President Mahbubur Rahman (centre), ICCB Executive Board Member ASM Quasem (2nd from right), Former Ambassador Dr. Toufiq Ali (extreme left) and ICCB Secretary Ataur Rahman (extreme right) are also seen.

from our two countries, in particular within the two emerging sectors shipbuilding and information technology, he informed the President.

The Danish assistance also contributes to the development of the private companies who are an important force in enhancing Bangladesh's economic growth and for creation of more new jobs every year, through direct cooperation between Danish companies as well as Bangladeshi companies under the B2B programme and in the form of mixed credits.

In the past few years, there has been increased interest for the Bangladeshi market and more than 50 Danish companies are represented in Bangladesh today. The Ambassador also mentioned that a high level delegation with a business team will be visiting Bangladesh sometime in April to explore further development cooperation and increased trade and investment.

ICC Bangladesh President thanked the Ambassador for visiting ICC Bangladesh and assured him all out cooperation in his efforts for promotion of trade and development of assistance. He also briefed the Ambassador about forthcoming ICC Conference on Energy for Growth and hoped that the Danish team will be able to join at the Conference to share their experience in resolving the energy crisis of Bangladesh. ICC Bangladesh Executive Board Member Mr. A. S. M. Quasem, Ambassador Dr. Toufiq Ali and ICCB Secretary Ataur Rahman also attended the meeting.

Standard and Poor's Team discusses Bangladesh Credit Rating with ICC Bangladesh

A two-member team from Standard and Poor's (S&P) from Singapore visited ICC Bangladesh on January 19 to interact with ICC Bangladesh President and ICCB Executive Board Members. The team informed during the meeting that they have been appointed by the Bangladesh Bank for conducting Sovereign Credit Rating of Bangladesh. As part of their assignment the team has been holding discussions with various organizations, both public and private sector institutions and agencies. During their meeting they discussed business climate and general operating environment, political and macroeconomic factors, business sentiment and confidence. It may be mentioned that with the Credit Rating Bangladesh could have substantial benefit in doing business with outside world.

S&P has a total of 17 rating categories ranging from AAA to CCC+, and Bangladesh was placed in the 13th category. Bangladesh Bank in 2006 assigned S&P and Moody's Investors Service, another US-based agency, to rate the country, which was also awarded a B



ICCB President Mahbubur Rahman presiding over a meeting with a team of Standard & Poor's visiting ICCB.

for short term by S&P. After getting the rating the country will get lower interest rates in international borrowing, among other advantages. Private sector will also be able to get loan from international sources at low interest and it will make export and import more cost effective. It will give a signal ito the foreign investors that the government is committed to development and reforms.

ICCB President Mahbubur Rahman thanked the team for coming to ICC Bangladesh for interaction and also to have the views of the private sector on this very vital issue. The meeting presided over by ICCB President was attended by ICCB Executive Board members A S M Quasem, Aftab ul Islam and Mamun Rashid, Mr. David Beers and Mr. Agost Bernard of Standard & Poor's, Mr. Hemant Lodha, Director of HSBC Hong Kong, Mr. Md. Mazbah Uddin, Deputy Director of Bangladesh Bank, Mr.Tarique Khan of HSBC, Mr.Seraj Ahmad of Standard Chartered Bank, CEO of BFTI Prof. M A Taslim, Ambassador Dr.Toufiq Ali and ICCB Secretary Ataur Rahman.

IFC Mission discusses introduction of Secured Transaction Registry with ICCB President

A two-member team from International Finance Corporation (IFC), a private arm of the World Bank Group mission comprising of Mr.Alejandro Alvarez de la Campa, Global Product Specialist, Secured Transactions and Collateral Registries and Ms. Elaine MacEachern, Senior Secured Transaction Specialist called on ICC Bangladesh President Mahbubur Rahman at ICCB on March 23 to discuss on the possibility of introducing Secured Transaction Registry in Bangladesh. The assessment would entail assessing the demand and support from different stakeholders including public sector, private sector, the financial and non-financial institutions, legal institutions for strengthening the existing system, specially the registry. The team informed the President that with the introduction of the Secured Transaction Registry, Bangladesh could derive a number of benefits:

The potential economic and social benefits of implementing a secured transaction legal framework and supporting registry system can be characterized as follows:
increase of Access to Credit for firms, specially SMEs; general improvement of lending conditions in the country with a potential positive effect on lending conditions (interest rates for secured loans, terms of loans, etc.); alignment with the International Trading rules (e.g. WTO-Compatible), enhancing trade financing facilities; creating more robust financial systems by promoting credit diversification, allowing Banks and Non-Bank Financial Institutions (NBFI) to provide credit (reducing the dependence on bank credit) and relaying less on real estate collateral; improved Competitiveness of the SME Sector, regionally and globally; improved Competitiveness of the domestic Banks through new market instruments; introduction of new financial products services by the financial sector to stimulate domestic economic growth; further institutional strengthening through progressive legal reforms and systems which have as guiding principles improved governance, transparency and access to information; improvement of debt collection processes through alternative ways to judicial enforcement; reduction in the level of informal lending activity; improved ranking in the Getting Credit Indicator (Legal Rights Index) of Doing Business report; strengthening FIs risk management policies, making more informed credit decisions on collateral lending; establishing better reporting mechanisms on collateral lending practices to the supervision authority or regulator and favoring economic integration & regional cooperation, among others.



ICC Bangladesh President Mahbubur Rahman is seen presiding a meeting with the IFC Officials.

ICCB President thanked the team and appreciated the effort of IFC and suggested that the System could probably be better implemented by Bangladesh Bank like the CBI. The meeting was also attended by officials of IFC BICF and ICC Bangladesh.

ICCB bids farewell to Thai Ambassador

Ambassador of Thailand to Bangladesh Mr. Chalermpol Thanchitt was given a farewell by ICC Bangladesh on March 11. ICCB President Mahbubur Rahman lauded the role played by Ambassador Thanchitt during his assignment in Bangladesh for increased trade between the two countries and also for facilitating exchange of trade delegation between the two countries. ICCB President hoped that the Ambassador would continue to support trade promotion between Thailand and Bangladesh even though he will be in Moscow as the Ambassador of Thailand. Mahbubur Rahman thanked the Ambassador for all out cooperation extended to the business community.

Ambassador Thanchitt thanked the ICCB President and members of the business community as well

as the Ambassadors and dignitaries present at the lunch for extending their all out cooperation to him and his mission, without which it would not have been possible for him to carry out his assignment in Bangladesh. He praised the Business leaders in their efforts to promote further trade between the countries. The out-going Ambassador assured his continuous support to Bangladesh and hoped that his successor would also have the same support from the Business Leaders as was extended to him.



ICC Bangladesh President Mahbubur Rahman speaking at a farewell in honour of the outgoing Thai Ambassador H.E. Mr. Chalermpol Thanchitt. The ambassador is seen on his left and ICCB Vice President Samson H. Chowdhury on his right.

ICCB Vice President Samson H. Chowdhury, ICCB Executive Board Members A. S. M. Quasem, Aftab ul Islam, Mamun Rashid, Md. Fazlul Hoque, R. Maksud Khan and Kazi Mahmood Sattar, DCCI President Abul Kasem Khan, Former Bangladesh Bank Governor, Dr. Salehuddin Ahmed, Canada Bangladesh Chamber of Commerce & Industry President Masud-ur Rahman, High Commissioner of Australia Dr. Justin Lance Lee, Ambassador of Denmark Mr. Einar H. Jensen, Ambassador of Germany Mr. Holger Michael, Indonesian Ambassador Mr. Zet Mirzal Zainuddin, Ambassador of Myanmar Mr. U Phae Thann Oo, Ambassador of the Netherlands Mr. A. J. A. M. G. Hennekens, Ambassador of Russia Dr. Gennady P. Trotsenko, Ambassador of Vietnam Mr. Nguyen Van That, Ambassador Dr. Toufiq Ali, Thai Minister Counselor (Commercial) Ms. Usa Wijaroen and ICCB Secretary Ataur Rahman, among others were present.

Meeting with Japanese Business delegation
Discusses on areas of Japanese investment

A Japanese delegation headed by Mr. George Hara, Group Chairman of Defta Group, USA and Chairman, Alliance Forum Foundation, Japan had a meeting with ICC Bangladesh President Mahbubur Rahman and ICCB Vice President Latifur Rahman on March 2. They discussed various issues related to further investment by Japanese companies in Bangladesh and also to have more export from Bangladesh to Japan. ICCB President informed about the ICC Conference on Energy for Growth and extended invitation to them to attend the conference. The meeting was also attended by Australian High Commissioner Dr. Justin Lee and John Chambers, Exploration Manager of Santos and ICCB Secretary Ataur Rahman. The Japanese team included Ms. Aya Nakauchi, Managing, Alliance Forum Foundation; Mr. Taku Furukawa, Managing Director of Alliance Forum Foundation; Mr. Ken Arai, Senior Executive of ROHTO Pharmaceuticals Co.; Mr. Yosuke Watanabe, Senior Executive, Mitsui Foundation; Mr. Norihiko Kondo, President, Kaiho Sangyo; Mr. Takayuki Nakagawa, Mitsubishi Corp, CSR & Env. Affairs Committee; Mr.Tomoaki Fuse, Wedge Co. Ltd. and Ms. Masako Suzuki, Executive Director, Hoshi Pharma.



ICC Bangladesh President Mahbubur Rahman speaking in a lunch meeting with the Japanese team visiting ICCB. ICCB Vice President Latifur Rahman is seen on his left.

Seminar on Eco-Friendly Pulp and Paper Processing from Jute
Appropriate measures stressed for development of the sector

Jute is a potential sector and for the development of this sector appropriate measures should be taken, said ICCB President Mahbubur Rahman. He was moderating a seminar on Eco-Friendly Pulp and Paper Processing from Jute at DCCI Auditorium on February 23. Minister for Industries Dilip Barua was present at the seminar as the Chief Guest and Secretary General of International Jute Study Group (IJSC) Sudripta Roy as the Spcial Guest.

DCCI President Abul Kasem Khan in his speech said that we have opportunity to make best use of green jute by manufacturing pulp and paper. The revival of jute through innovation and diversification will create employment opportunities especially in the rural areas, he added. He also said that in order to save and improve our climate from global warming, we need to protect our environment through use of eco-friendly products like jute based pulp and paper. He called upon the government to include an 'Integrated Jute Diversification (IJD) policy package' in the Industrial Policy.

Minister for Industries Dilip Barua said that to keep our environment sound and pollution free we should identify new green business using green and eco-friendly technology.



Industries Minister Dilip Barua (3rd from right), ICCB President Mahbubur Rahman (2nd from right), DCCI President Abul Kasem Khan (3rd from left) are seen among others in a National Seminar on Eco-friendly Pulp and Paper Processing from Jute.

To encourage our entrepreneurs in order to come forward to setup eco-friendly industries in Bangladesh we have to find out appropriate ways and means, he added. He also assured of government's all out support to the private entrepreneurs. He stressed on the diversification of jute and jute based products to meet the global demand. He mentioned that jute based paper and pulp can save our hard earned foreign currency.

Special Guest of the seminar Sudripta Roy, Secretary General of the International Jute Study Group stressed on management of supply chain, development of appropriate technology and ensuring financial viability of the green jute.

DCCI former President Hossain Khaled called upon to open up scope of jute farming in neighboring countries as joint venture as Bangladesh has limited cultivable land.

Former Director General of Bangladesh Jute Research Institute (BJRI) Dr. A B M Abdullah presented the keynote paper. Chairman of Nitol Group Abdul Matlub Ahmed, Principal Scientific Officer of BJRI Dr. Manjurul Alam and former Project Leader of IJSG Dr. Golam Mohiuddin were present as panelist discussants. A number of business leaders joined the seminar.

ICCB Executive Board Meetings discuss on activities and celebration of 15 years

The 43rd meeting of the ICCB Executive Board was held on January 10. The meeting reviewed the activities of ICCB during August 09- January 10 period. The meeting discussed among other things about the Presentation of BIAC report by CEDR. Dicussion on BICF Business Confidence Survey 2009 organised by ICCB and BICF. Participation of ICCB President at the first Conference of Asia Economic Community Forum held in Incheon, Korea, Participation of ICCB President at the 26th AAA/ICC/ICSID Joint Colloquium on International Arbitration in Washington, USA (sponsored by IFC BICF), Participation of ICCB President at the WTO Ministerial Conference in Geneva, Switzerland as a Member of the Bangladesh Delegation, headed by the Commerce Minister, ICC Seminar on ATA Carnet System and ICC Round Table Conference on Climate Change.

The meeting also had deliberations on the issues of the visit of ICC Chairman Dr. Victor K. Fung who accepted the invitation of the ICC Bangladesh President to attend the Conference on Energy for Growth and the 15th Anniversary of ICCB to be held in Dhaka on April 13, 2010, invitation of other foreign dignitaries to the Conference, 15th Year Celebration of ICC Bangladesh and Conference on Energy for growth, invitation to Prime Minister to inaugurate the Conference, invitation to other concerned Ministers and Advisors, hosting a Gala Dinner in the evening, to provide local hospitality to the foreign delegates, bring out a Special Publication on the occasion incorporating articles from experts from home and abroad and took a number of important decisions.

The meeting was presided over by ICCB President Mahbubur Rahman and attended by Vice Presidents Latifur Rahman and Samson H Chowdhury and Executive Board Members A.K.M. Rafiqul Islam, FCA, A.S.M. Quasem, Aftab ul Islam, Mamun Rashid and R. Maksud Khan.

The 44th meeting of the Board was held on February 23. The meeting reviewed the activities of ICCB since holding of the 43rd meeting. The meeting discussed among other things the latest position of ICC Conference on Energy for Growth and 15th Year Celebration of ICC Bangladesh, progress of the Special Publication on the occasion, Update on BIAC Project Proposal, ICC BICF Discussion on Business Confidence Survey, 2009-2010, holding ICC Workshop on International Trade Fraud - Prevention, Control and Remedies in Dhaka and Chittagong, Publication of International Standard Banking Practice (ISBP) with copyright from ICC Paris and enrollment for next CDCS Examination to be held in Dhaka.



The 43rd meeting of the ICCB Executive Board is in progress presided over by its President Mahbubur Rahman.

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

ICC Bangladesh
The world business organization

ICC Conference ENERGY FOR GROWTH
Dhaka 13 April, 2010

15 YEARS OF ICC Bangladesh 1994-2009

Radisson Water Garden Hotel, Dhaka, Bangladesh

Provisional Programme

09:00 HRS	**Registration**
10:00 HRS	**Inaugural Ceremony**
11:30 HRS	Refreshment
11:45 HRS	**Plenary Session** Projections of Power Need and Availability Experience from countries in Asia Forecasts for key energy sources: oil, gas, coal, etc.
13:00 HRS	**Lunch**
14:00 HRS	**Breakout Sessions**
	1. Power Project Development From the perspective of a power project developer, what are the options available to Bangladesh in coal, oil and gas? What is the time frame in which plants can be set up and go into operation? What are the constraints? What are short and long-term prospects?
	2. Law and Regulatory Structure What are the legal and regulatory structures required to implement power projects successfully? Is anything more required, in addition to the structures currently available in Bangladesh?
	3. Financing of Power Projects A major portion of the resources required for such power projects would need to come from abroad. What are the possible sources, local and foreign, and what are the requirements of the financiers?
17:00 HRS	**Concluding plenary Session** Reports from Moderators of Breakout Sessions Presentation of Government Perspectives Follow-up measures
18:30 HRS	**Press Briefing**
19:30 HRS	**Cultural Programme**
20:00 HRS	**Gala Dinner**

Bangladesh Economy

Energy: Cornerstone of sustainable growth and development

The Bangladesh economy has been growing at about six percent annually over the last few years. Of the sources of growth, the most prominent contribution has been from manufacturing; in fact, growth of the manufacturing sector has sometimes been in the double digits. Many feel the country has reached a take-off stage, where self-sustaining growth may soon be possible. One of the necessary, though not sufficient, conditions for development of the manufacturing sector in Bangladesh is the availability of energy, in the form of power and gas.

Demand-Supply gap with present Generation Programme

	June, 09	FY2010	FY2011	FY2012	FY2013	FY2014
Max. Demand as per PSMP	6066	6608	7148	7732	8364	9047
Max. Demand considering DSM	5566	5808	6298	6832	7414	8047
New Generation Addition	-	752	150	750	1175	720
Capacity Retired	-	48	138	160	62	378
Installed Capacity	5719	6432	6435	7025	8138	8480
Dependable Capacity (without fuel constraints)	4289	4881	4955	5480	6429	6784
Max. Demand-Supply Gap (without fuel constraints)	1277	927	1343	1353	985	1263
Max. Demand-Supply Gap (with gas crisis)	3789	4381	4455	4980	5929	6284
Dependable Capacity (with gas crisis)	1777	1427	1843	1853	1485	1763

Note : PSMP : Power Sector Master Plan; DSM : Demand Side Management

World Bank report titled "Bangladesh: Strategy for Sustained Growth" in 2009 said that Bangladesh could possibly be a middle-income country by 2016 if GDP growth continues to sustain a 7.5 percent rate throughout the period. According to a Goldman Sachs research report released on December 4, 2009 Bangladesh is one of the 11 countries that have a high potential of becoming a leading economy in the 21st century along with Brazil, Russia, India and China (BRICs).

Bangladesh and some other underdeveloped and developing countries are in serious two prong problems of energy crisis and at the same time they are the worst victim of climate change from Green house gas emissions. Basically, industrially developed nations and major developing countries are major polluters. There is a prediction that countries like Maldives may be completely wiped out from world map and countries like Bangladesh, Nepal, and Bhutan will face catastrophic consequences from the impact of continued emissions.

Global carbon-dioxide emissions have risen by 20% since the protocol was signed in 1997, so the plan has evidently not worked all that well. The three main reasons are :first, rich countries have exported some of their dirty industry to the developing world; second, when Kyoto was signed, the world's biggest emitter, America, has not ratified the protocol, and the biggest polluter per person among countries with significant emissions, Australia, did so only two years ago; and third, some countries have failed to cut their emissions as promised. There is now wide consensus that the world must reduce CO2 emissions to at most 50% of 1990 levels by 2050.

The world is now crying out for a roadmap to tackle the dilemma of providing the much needed power without further contributing to climate change. Mitigation of climate change requires long-term perspective. Energy infrastructure takes time to build up; new energy technologies take time to develop. Policy shifts often take many years to have an effect. Hence policy and investment decisions need to be taken now.

The current power generation of our country is between 3,800-4,300 MW, while the demand is between 4,200-5,500 MW; there is no option to load shedding, which may be up to 1,800 MW on hot summer days. The per capita power generation is about 183 kWh – one of the lowest in the world - while more than half the people of the country do not have access to electricity.

Moreover, currently Bangladesh is facing an acute shortage of energy. Bangladesh is using indigenous natural gas to generate about 83% of its power. Other electricity generation is Hydro, coal and liquid fuel based.

Renewable fuel has just started making minor contribution. Natural Gas is also used as feed stock in Urea Fertilizer production, as fuel in Industries, CNG, Commercial and domestic purposes. The national gas demand of connected consumers is 2400 MMCFD against which the production capacity is 2000 MMCFD. Transmission bottle neck restricts supply to end users to 1950 MMCFD. Even that supply is affected by low pressure.

The demand for gas has been growing at a very high rate, and new projections may need to be made in the near future. If the economy is to grow at a rate of 8% per annum, the demand for gas will increase even further.

The supply of gas has not kept pace with the demand. Till recently, the proven and probable (2P) reserves were about 20.6 tcf; with the re-assessment of reserves of the Bibiyana gas field, the 2P reserves were revised upward to over 23.0 tcf. However, we have already consumed about 8.4 tcf (till June 2009), leaving a balance of 14.6 tcf. The gas reserve position is given in the following table:

GAS (2P) RESERVES & CONSUMPTION
(in tcf, 2010-2015)

	2010	2011	2012	2013	2014	2015
Consumption	0.801	0.858	0.918	0.982	1.051	1.124
Remaining 2P Reserve	12.251	11.384	10.476	9.494	8.444	7.320

Note: If new gas fields are discovered, or current reserves re-appraised, these estimates will change.

To meet the immediate and long-term demands, the Government plans include the drilling of appraisal/development wells, work over of existing gas wells and drilling of exploratory wells, both on-shore and off-shore.

Once it was assumed that Bangladesh is floating on gas; this phrase had been notably pronounced by Unocal and other foreign oil companies as well as local experts. Paradoxically, this prediction has shaped in an abstract notion and domestic work to industry and agriculture are appearing on the crisis of gas. Aftermath, Petrobangla went against such pseudo statement and a national committee on gas utilization stated in 2002 a bleak future about gas crisis for Bangladesh from 2012. However, the reality will be found out after exploration.

Bangladesh Gas resource may run out in not too distant future. Against this backdrop, government is looking for alternative energy sources like coal, fuel oils, wind and solar. But generation of electricity from diesel and furnace oil is very costly and solar, wind and nuclear energies would take longer time to harness in bulk. So the most important source of input for the power industry could be domestic reserves of coal. Large deposits of quality coal have been found, but have not been exploited adequately. The estimated reserves of coal are close to 3,300 million tonnes, while the proven reserve is about 884 million tonnes. All the discovered coal is in the Rangpur-Dinajpur area, and the geology, depth and thickness of the coal support strip mining. The quality of the coal is regarded as excellent, with minimal impurities. Given the experience of countries around the globe, there is strong justification for use of the coal for power generation. Currently, about 68% of India's power is from coal; comparable figures for Australia are 76%, China about 81%, USA about 49%, South Africa about 94%. The technology is available for cost-effective coal-based power generation, while protecting the environment.

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.

GAS DEMAND-SUPPLY PROJECTIONS
(in mmcfd, as in June 2008)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gas Supply	2,169	2,511	2,635	2,942	3,299	3,325
Daily Demand (2006)	2,749	3,142	3,458	3,587	3,796	4,018
Daily Demand (rev 2008)	3,176	3,432	3,711	3,838	4,048	4,265
Demand(2008)-Supply Gap	,007	921	876	896	749	940

Coal Reserve
Estimated Coal Resources/Reserve of Bangladesh

Location/ Field	No. of Wells Drilled	Estimated coal resources (Million Tonnes)	Total in-situ reserves (Million Tonnes)	Proved in-situ reserves (Million Tonnes)	Remarks
BarapukuriaDinajpur	31 (118-509m)	390	390	303***	Produced about 0.8 million tonnes (2008)
Khalashpir Rangpur	14 (257-483m)	685	685	143*	Submitted a feasibility report. Under review.
Phulbari Dinajpur	108 (150-240m)	572	572	288**	Licensing process questioned. Awaiting decision.
Jamalgonj, Joypurhat	10 (640-1158m)	1053	-	-	Good candidate for CBM Exploration
Dighipara, Dinajpur	5 (328-407m)	600	600	150*	Expl. licence awarded to PB & submitted a JV plan to GoB& awaiting approval.
Total		3300	2247	884	

Source : Internet

Bangladesh attained healthy economic growth of 5.9pc in FY2009: ADB

Compared with most Asian developing countries, Bangladesh attained a reasonably healthy economic growth of 5.9% in FY2009. At the initial stage, lower integration of the country's financial sector with the global financial system and the absence of any exposure of the banking system to toxic assets, kept the economy insulated from the adverse effects of the global financial meltdown. Although Bangladesh's two main growth drivers - exports and remittances - are directly linked to the health of the global economy, they too remained relatively unaffected in the first year of the global crisis, according to ADB's quarterly economic update on Bangladesh for the October-December period released on March 8.

Main features of ADB projection

- Appreciation of the yuan and the graduation of the People's Republic of China allowed Bangladesh to maintain healthy growth of the predominantly RMG exports. The government's adoption of the first stimulus package in April 2009 to support the export of non-RMG products also seems to have contributed to slowing their pace of decline.
- The growth in remittances was less affected as Bangladesh relies on oil rich middle-eastern countries for more than 60% of remittance inflows.
- With the slow investment response, continued decline in RMG and other export items, slower remittance growth, acute power and gas shortages, and slower implementation of the ADP, the country's growth for FY2010 is projected at 5.5%.
- The size and quality of the ADP needs to be significantly raised. The government is yet to operationalize public–private partnerships; which will require major institutional capacity building.
- To attain the higher growth targets, private, public, and foreign direct investment (FDI) need to increaseThe country's investment climate will require significant improvement. The financial sector has to cater for higher investment demand. Development of the domestic bond market is important as a source of long-term funds (e.g., pension and insurance funds) for investment in infrastructure.
- Higher inflow of FDI is needed to expand the production base to cater to both domestic and external markets, upgrade technology, introduce efficient work and management practices, and develop entrepreneurship.
- FDI inflow has played a greater role in countries like Cambodia, Lao People's Democratic Republic, Sri Lanka and Viet Nam. Bangladesh should seize the opportunity of the ongoing relocation of industries from east Asian countries to countries with lower labor costs, and capable of providing required infrastructure facilities and a sound business environment.
- To spur investment and growth, the government should continue to maintain macroeconomic stability and fiscal prudence and limiting inflation is vital for ensuring proper growth.
- Export earnings declined by 6.2% during July–December 2009, raising concerns about the prospects of attaining the annual export target of $17.6 billion (12.8% growth over FY2009). The decline in exports was broad-based, led by the fall in RMG, with the exception of raw jute, jute goods, engineering products, petroleum products, and handicrafts.
- Import payments have followed a declining trend since the beginning of FY2010 due to the fall in imports of rice and other commodities, and also the decline in commodity prices in the international market. During July–December 2009, imports declined by 5.7% over the same period of 2008.
- Despite the decline in out-of-country jobs, the growth in total remittances was significant during the first seven months of FY2010. Out-of-country workers remitted a total of $6.5 billion during the first seven months of FY2010, an increase of 20.9% over the same period of FY2009.
- The trade deficit narrowed to $2.8 billion during July–December 2009 from $2.9 billion during the year earlier period, as the decline in imports more than offset the decline in exports. With the lower deficit in trade and services, and the still healthy rise in remittances (22.8%), the current account surplus rose to $1.7 billion during the first half of FY2010, from a deficit of $128.0 million in the same period of the previous year. As a result, the surplus in the overall balance rose to $2.1 billion, up from $489.0 million during the first half of FY2009.
- After crossing the $10.0 billion mark in early November 2009, the country's foreign exchange reserves continue to rise. Gross foreign exchange reserves of Bangladesh Bank reached $10.1 billion (over 5 months of imports) at the end of January 2010, up from $5.6 billion a year earlier. The continued healthy growth of remittance receipts and lower import demand contributed to the high growth of foreign reserves.

Bangladesh ranks 79th out of 155 countries

World Bank trade logistics efficiency survey reveals

Bangladesh has emerged as an over performing country in proving efficiency of trading goods around the world, according to a new World Bank survey. Bangladesh ranked 79th in the global Logistics Performance Indicators (LPI) study released on January 15. In the LPI index 2010, Bangladesh scored 2.74 where top country Germany bagged 4.11 points. In the 2007 report, Bangladesh ranked 87th with a score of 2.47.

The LPI is an "interactive benchmarking tool" created to help countries identify the challenges and opportunities in their performance in trade logistics. The LPI 2010 allows for comparisons across 155 countries. It is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics 'friendliness' of the countries in which they operate and those with which they trade.

The LPI is the weighted average of the country scores on the six key dimensions: (a) efficiency of the clearance process by border control agencies, including customs, (b) quality of trade and transport related infrastructure, (c) ease of arranging competitively priced shipments, (d) competence and quality of logistics services, (e) ability to track and trace consignments, and (f) timeliness of shipments in reaching destinations within the scheduled or expected delivery time.

The report says Bangladesh has made a significant improvement in customs, infrastructure, and lead-time. In terms of logistic quality and competence, however, Bangladesh was in the 96th position. Nine other most significant over performers are: China, Democratic Republic of Congo, India, Madagascar, the Philippines, South Africa, Thailand, Uganda, and Vietnam. Germany is the top performer among the 155 economies followed by Singapore, Sweden and the Netherlands.

An over performer is a country with a higher LPI score than expected -- based solely on its income level. An underperformer is a country with a lower than expected LPI scores. Bangladesh's shipment lead-time came down to 1.41 days in the latest survey from 4.1 days in 2007. In terms of international shipment, Bangladesh ranked 61st in the latest survey, which was 96th in 2007. In the customs procedure, Bangladesh ranked 125th in 2007, which is 90th now. The 2010 report has placed Bangladesh in the 72nd position in terms of infrastructure. The ranking was 82nd in the 2007 report.

According to the report, among the top 10 low-income countries, Bangladesh ranked sixth after Vietnam, Senegal, Uganda, Uzbekistan, and Benin. Congo, Madagascar, Kyrgyz Republic and Tanzania are the other four among the low-income group. India performed best among the South Asian economies, ranking at number 47. Pakistan stood at 110, Sri Lanka 137, Maldives 125, Bhutan 128, Afghanistan 143 and Nepal 147. The biennial survey by WB considered efficiency of ports and airports of the countries for ranking. South Asia's port services are very inefficient and trade restraining, and thus a serious constraint upon unlocking the region's full potential, the report said.

BDF emphasizes on higher private sector investment for achieving Government's growth and poverty reduction objectives

The Government of Bangladesh held a high level Bangladesh Development Forum (BDF) meeting in Dhaka on 15-16 February 2010. It was the first such event since 2005. The two-day Bangladesh Development Forum (BDF) 2010 renewed the strong partnership between the Government and development partners to work towards supporting the government to become a Middle Income Country, with poverty halved from 40 per cent to 20 per cent by 2021.

The key objective of the government was to seek supports as well as suggestions from the development partners before planning fifth five-year plan. On the first day of the meeting, the government of Bangladesh called for a decrease in conditions that must be met to receive assistance from donors. On the second day, they agreed to set new benchmarks to measure progress. Six major areas that came under the BDF discussion were development strategies, governance and human development, energy and power, agriculture and rural development, environment and climate change, transport and communications and ICT and digital Bangladesh.

The event was well attended by development partners, including 36 development agencies and donors, and more than 80 civil society and private sector representatives. Bangladesh was congratulated on its progress towards the millennium development goals, on its sustained economic growth, and on its climate change strategy. In the meeting the importance of regional links in power, trade, transport and communications, and the need to create a better investment climate in Bangladesh was emphasised.

Regional News

Energy Outlook for Asia and the Pacific
Energy demand projected to grow by 2.4 pc: ADB

Energy demand in Asia and the Pacific is projected to increase by about 80% between 2005 and 2030 at an annual rate of 2.4%, which represents a faster rate than the world average growth rate of 1.5%. Energy demand of developing member countries (DMCs) in the region will grow slightly faster at 2.6% per year through 2030 - driven by faster economic growth and infrastructure development. Nearly 80% of the region's energy needs in 2030 would have to be met by fossil fuels - coal, oil and natural gas - driving the growth in CO2 emissions according to ADB Publications "Energy Outlook for Asia and the Pacific" released on October 2009.

The 48 regional members of the Asian Development Bank (ADB) in Asia and the Pacific were diverse group for the study, with differing levels of economic development and energy resource endowment. Collectively, in 2005, this group covered 25% of the total land area of the world and had 56% of the world's population, but only 34.7% of the world's gross domestic product (GDP).

Energy Demand & Supply Outlook

Primary energy demand in Asia and the Pacific is projected to increase from 4,025.3 million tons of oil equivalent (MTOE) in 2005 to 7,215.2 MTOE in 2030, growing at an annual rate of 2.4%. With this growth, per capita energy demand of Asia and the Pacific will average 1.57 tons of oil equivalent (TOE) in 2030 - nearly 50% higher than the 2005 level.

Coal will maintain the biggest share of primary energy, at 38.3% in 2030, followed by oil at 27.0%, natural gas at 14.5%, others (mainly new and renewable energy sources, including biomass) at 11.2%, nuclear at 7.1%, and hydro at 2.0%. Net imports (imports minus exports) of fossil fuels in Asia and the Pacific are expected to increase from 584.9 MTOE in 2005 to 1,385.1 MTOE in 2030 - more than doubling from the 2005 level to 2030. Net imports of oil, in particular, are projected to increase substantially, from 655.1 MTOE (or 13.2 million barrels per day [mb/d]) in 2005 to 1,294.3 MTOE (or 26 mb/d) in 2030 - the biggest increase among all fossil fuels.

Energy demand of developing member countries (DMCs) in the region is projected to increase 2.6% per year through 2030 - a slightly faster rate than the projected growth rate of Asia and the Pacific as a whole. With this growth, energy demand of DMCs will account for 89.5% of the total for Asia and the Pacific in 2030, up from 83.4% in 2005.

By sector, the power sector will continue to be the biggest coal user, responsible for around 88.2% of incremental coal demand growth. The industry sector will also drive coal demand, although its contribution will be smaller, accounting for 11.5% of incremental coal demand between 2005 and 2030.

Oil will maintain the second biggest share in total primary energy demand (TPED) at 27.0% in 2030, representing a slight decrease from 28.4% in 2005. Similar to coal, the projected growth rate of oil demand at 2.2% is slower than the overall average annual growth rate of primary energy demand. Although overall oil demand registers a positive growth rate, the growth trends vary by member and by sector.

Natural gas will increase at an annual rate of 3.6% through 2030 - the fastest growth rate of all fossil fuels. Natural gas will be increasingly utilized across the sectors due to its ease of use and lower environmental burden. Despite the fast growth, the share of natural gas in TPED will represent a smaller share than coal and oil - 14.5% in 2030 due to its higher supply cost. In terms of incremental growth, the power sector will account for about 44.8% of total incremental growth between 2005 and 2030, followed by the other sectors at 25.5% and the industry sector at 22.1%.

New and renewable energy (NRE) will represent the fourth-largest share of TPED at 11.2% in 2030. Over the outlook period, NRE is projected to increase at a relatively slow rate of 1.3% per year. In Asia and the Pacific, biomass used in rural areas and other places without access to electricity and gas networks would account for the bulk of NRE. As a result of the improved accessibility to commercial energy sources and higher living standards, biomass demand will increase slowly through 2030. Meanwhile, demand for new energy sources - such as wind, solar, and geothermal will increase at a faster rate. The overall growth rate of NRE is projected to proceed at a moderate pace because of the dominance of biomass.

Total Primary Energy Demand Outlook for Asia and the Pacific (2005, 2015, and 2030)

		Primary Energy Demand (MTOE)			Annual Growth Rates (%)		
		2005	2015	2030	2005-2015	2015-2030	2005-2030
Coal	DMCs	1,482.2	2,040.2	2,587.8	3.2	1.6	2.3
	Developed Group	166.2	171.2	173.6	0.3	0.1	0.2
	Total	1,648.4	2,211.4	2,761.4	3.0	1.5	2.1
Oil	DMCs	847.7	1,123.0	1,684.4	2.9	2.7	2.8
	Developed Group	295.3	282.9	265.9	(0.4)	(0.4)	(0.4)
	Total	1,143.0	1,405.9	1,950.3	2.1	2.2	2.2
Natural Gas	DMCs	329.4	490.3	892.5	4.1	4.1	4.1
	Developed Group	96.8	124.9	151.8	2.6	1.3	1.8
	Total	426.2	615.3	1,044.3	3.7	3.6	3.6
Hydro	DMCs	57.0	96.1	130.4	5.4	2.1	3.4
	Developed Group	9.9	10.9	11.1	1.0	0.1	0.4
	Total	67.0	107.1	141.4	4.8	1.9	3.0
Nuclear	DMCs	68.4	142.8	382.6	7.6	6.8	7.1
	Developed Group	79.4	109.8	126.2	3.3	0.9	1.9
	Total	147.8	252.6	508.8	5.5	4.8	5.1
Others	DMCs	574.2	630.1	777.3	0.9	1.4	1.2
	Developed Group	18.8	24.8	31.6	2.8	1.6	2.1
	Total	593.0	654.8	808.9	1.0	1.4	1.3
Total	DMCs	3,358.9	4,522.6	6,455.0	3.0	2.4	2.6
	Developed Group	666.4	724.5	760.2	0.8	0.3	0.5
	Total	4,025.3	5,247.1	7,215.2	2.7	2.1	2.4

ADB = Asian Development Bank, DMC = developing member country, MTOE = million tons of oil equivalent, ( ) = negative value.

Nuclear is projected to increase at an annual rate of 5.1% through 2030. With this growth, primary nuclear energy demand will be more than triple from 147.8 MTOE in 2005 to 508.8 MTOE in 2030. The bulk of the increase will come from the People's Republic of China (PRC), where nuclear capacity is expected to expand through 2030. In addition, nuclear will continue to be an important energy source for power generation, in those members such as India, the Republic of Korea, and Japan toward enhancing energy security and sustainable development.

Hydro will increase at an annual rate of 3.0% through 2030, which is faster than the average growth rate of primary energy demand. Despite the projected rapid increase, hydro's share of TPED will be the smallest at 2.0 per cent in 2030.

Primary Energy Demand by Sub-Region

The projected growth in primary energy demand varies substantially by sub-region. The Pacific sub-region's fast energy demand growth-an annual rate of 4.5% through 2030—mainly results from improved access to energy supply. These include improvements in electricity and road infrastructures. Despite the rapid increase, the Pacific will account for only a small part of overall energy demand in Asia and the Pacific, at 0.1% in 2030. Per capita energy demand of the Pacific sub-region in 2030 is 0.64 TOE, representing about a third of the 1.57 TOE average for Asia and the Pacific.

The energy demand of South Asia is expected to increase from 582.1MTOE in 2005 to 1,264.3 MTOE in 2030, growing at an annual rate of 3.2%. This represents the second-fastest growth rate in primary energy demand by sub-region, a result of the projected rapid increase in gross domestic product (GDP) at 5.7% per year. With this fast increase, the contribution of South Asia to the total incremental energy demand growth will represent the second largest by sub-region, accounting for about 21.4% in 2030.

Southeast Asia's energy demand will grow at an annual rate of 2.8% over the outlook period, reaching 988.2 MTOE in 2030, nearly double the 2005 level of 492.1 MTOE. This is a result of the relatively fast increase in projected GDP, at an annual rate of 4.5%. Per capita energy demand of Southeast Asia will reach 1.40 TOE in 2030, lower than the region's average of 1.57 TOE in 2030.

Central and West Asia's energy demand is projected to increase from 222.9 MTOE in 2005 to 416.9 MTOE in 2030, or an annual rate of 2.5%, driven by the relatively fast increase in GDP of 4.9% per year. Even with this growth, Central and West Asia's contribution to the overall incremental growth in energy demand will be only 6.1%.

East Asia's energy demand is projected to increase from 2,058.8 MTOE in 2005 to 3,776.6 MTOE in 2030, reflecting a growth rate of 2.5% per year through 2030. Despite a robust increase in GDP at 5.2% per year through 2030, this sub-region's energy demand growth is projected to increase at a relatively slower rate. In terms of energy elasticity with respect to GDP, East Asia represents 0.47, in contrast to elasticity of 0.67 in the region. This lower elasticity reflects energy efficiency improvements through technological development across the sub-region and a change in industry structure from heavy industry to services in the PRC; Hong Kong, China; and Taipei,China. Despite a relatively slow projected growth of energy demand, East Asia will be responsible for the bulk of the region's energy increments, at 53.9% between 2005 and 2030.

The Developed Group's energy demand is expected to increase slowly at an annual rate of 0.5% through 2030. The share of this region's energy demand to Asia and the Pacific's total energy demand may decline from 16.6% in 2005 to 10.5% in 2030. The projected slow growth results from a combination of various factors including energy efficiency improvements through technological progress, change in industry structure, and decline in population, mainly in Japan.

Energy Production & Imports

An increasing portion of the rapidly growing energy demand in Asia and the Pacific will be met by imports. Net imports (imports minus exports) of fossil fuels in Asia and the Pacific are expected to more than double, from 584.9 MTOE in 2005 to 1,385.1 MTOE in 2030.

Although the overall net energy import volume may increase in the future, a wide disparity is observed in the balance between energy demand and production. Central and West Asia, for example, may continue to be a net energy exporter, and is expected to export about 231.9 MTOE of fossil fuels in 2030 compared with 111.7 MTOE in 2005. By contrast, East Asia's net imports may nearly triple from 348.9 MTOE in 2005 to 970.3 MTOE in 2030. In fact, the projected growth rate of energy import in East Asia at an annual rate of 4.2% registers a faster pace than that of energy demand growth at 2.5%.

The Pacific will turn into a net importer of oil by 2030, while this subregion is expected to become a net natural gas exporter reflecting the projected increase in natural gas exports from Papua New Guinea and Timor-Leste. Similarly, South Asia's net energy imports are expected to more than triple from 132.6 MTOE in 2005 to 447.6 MTOE in 2030, growing at an annual rate of 4.7%. In South Asia, India's expected increase in oil and gas demand will be increasingly met by imports. Southeast Asia may turn into a net energy importer at 125.4 MTOE in 2030 - changing from a net energy exporter at 79.5 MTOE in 2005. Not only will this sub-region become a net importer of natural gas by 2030, its growing oil demand will be increasingly met by imports given the decline in production from the current major producers such as Indonesia, Malaysia, Thailand, and Vietnam.

The Developed Group's net imports of fossil fuels are projected to decline from the current 294.6 MTOE in 2005 to 73.7 MTOE in 2030. Australia's production increases and exports of coal and natural gas explain the overall decline in net imports of the Developed Group.

Oil Production & Imports

While overall energy import requirements in Asia and the Pacific are likely to increase, the trend offers variation by energy type and by sub-region. Net imports of oil (including crude oil and petroleum products) are expected to increase substantially, from 655.1 MTOE (or 13.2 mb/d) in 2005 to 1,294.3 MTOE (or 26.0 mb/d) in 2030-the biggest increase in fossil fuels. By sub-region, excluding Central and West Asia, the other sub-regions will be transformed into net importers of oil. The substantial growth in oil demand by the PRC and India - combined with the slow growth in domestic oil production - will lead these sub-regions' needs for oil imports.

The Pacific sub-region's oil demand represents the lowest level in Asia and the Pacific at 4.2 MTOE in 2030, transforming it into a net importer by 2030. The overall net oil imports of the Developed Group may decline from the current 275.6 MTOE (or 5.51 mb/d) to 231.2 MTOE (4.64 mb/d), reflecting the decline in Japan's oil demand.

In Central and West Asia, expected production increases in Azerbaijan,

Kazakhstan, and Uzbekistan may contribute greatly to the substantial increase in oil exports. These members' oil exports will be spurred by the expansion in pipeline infrastructure.

With the investment in both upstream and midstream segments, the vast oil reserves in Central and West Asia could increase supplies to consumers both within and outside of the sub-region, thereby making a great contribution to improving overall oil supply security.

Natural Gas Production & Import

Southeast Asia is forecast to maintain a net export position until sometime around 2025, and by 2030 this sub-region as a whole is forecast to become a net importer of natural gas. The major natural gas producers such as Brunei Darussalam, Indonesia, and Malaysia are expected to continue to maintain their net export positions. However, the substantial demand increase from the Philippines, Singapore, and Thailand (resulting from increased natural gas demand for power generation) may transform this sub-region into a net importer.

The Developed Group is expected to become a net natural gas exporter by 2030 because of the expansion of Australia's liquefied natural gas (LNG) exports. With the start-up of new projects, Australia will be able to export more than 80 million tons of LNG by 2030.

Coal Production & Imports

The region's need for coal imports is expected be relatively low compared with the other fossil fuels. Although diversity exists by member and by subregion, the region as a whole may maintain its net export position in coal from 67.8 MTOE (101.7 million tons of coal equivalent) in 2005 to 208.6 MTOE (312.9 million ton of coal equivalent) in 2030.

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Electricity Demand

Electricity demand in Asia and the Pacific is projected to grow at an annual rate of 3.4% over the outlook period, increasing from 4,978 TWh in 2005 to 11,593 TWh in 2030. This is more than a doubling between these years, but indicates a slower growth rate than the historical trend of 5.7% between 1990 and 2005. The average annual growth rate of electricity demand in the DMCs between 2005 and 2030 will be faster, at 4.0%, than that of Asia and the Pacific as a whole. The DMCs will increase their share of the total electricity demand of Asia and the Pacific from 75.5% in 2005 to 86.5% in 2030.

Electricity Supply

Total electricity generation in Asia and the Pacific is projected to increase from 6,068 TWh in 2005 to 14,016 TWh in 2030 with an average annual growth rate of 3.4%. The PRC's electricity generation is likely to be the highest at 6,374 TWh in 2030, accounting for 45.5% of the total. India follows at 2,414 TWh, and Japan at 1,324 TWh. Nearly three-quarters of the total electricity generation will be taken up by these three members.

Implications

Asia and the Pacific's diversity in terms of projected energy demand growth as well as in its energy demand levels result in the broad range of energy sector investment requirements. Despite the diversity (excluding several resource-rich members), there is a common trend that the energy investment requirements tend to represent a larger share of GDP in members in the early stages of development. The share of energy investment requirements relative to the size of GDP in rapidly developing members generally amounts to more than 2% of GDP, compared with that of developed members, at less than 1% of GDP.

The paper has been prepared by ICC Bangladesh research cell based on the Energy Outlook for Asia and the Pacific (2009) of the Asian Development Bank (October, 2009).

Global Economy Remains Fragile: observe five world leaders

Five world leaders in an open letter issued on March 29 to the members of the Group of 20 industrialized and developing economies stating that it is essential to follow through on reforms they promised at two recent summits, because the "recovery in the world economy remains fragile."

The letter was signed by Obama, British Prime Minister Gordon Brown, Canadian Prime Minister Stephen Harper, French President Nicolas Sarkozy and South Korean President Lee Myung-bak, who form the steering group of future and past hosts of G20 summits.

The March 29 letter also addressed the long-stalled Doha trade-liberalization talks and the need to continue to resist protectionist pressures during times of economic stress.

They have expressed that current strains illustrate the continuing risks to global economic and financial stability and without cooperative action to make the necessary

adjustments to achieve [strong and sustainable growth], the risk of future crises and low growth will remain.

It may be mentioned that the group of advanced and emerging economies met in London in April 2009 and then in Pittsburgh in September 2009 to plan financial reforms. The reforms are intended to steer the global economy away from the effects of cyclical swings from expansive growth to recession. The meetings came as the world was still reeling from the fallout of the worst recession since the 1930s.

Because of the recession that began in December 2007, G20 leaders opted to hold meetings twice a year to set goals and policies, and also to review efforts and share information on effective measures to resolve the global economic crisis.

G20 leaders have called for increased regulation of the financial, banking and investment sectors in an effort to rein in excessive risk taking and destabilizing market speculation. The U.S. Congress is considering legislation aimed at overhauling financial regulation in the United States.

G20 leaders have created a framework designed to shrink trade surpluses in export-rich countries such as China and boost savings in debt-laden nations including the United States. In an effort to balance the global economic system, the G20 agreed that member nations with sustained, significant deficits should undertake policies to support private savings and undertake fiscal consolidation while keeping markets open and strengthening export sectors.

G20 nations with sustained surpluses pledged to strengthen domestic sources of growth by increasing investment, reducing market distortions, boosting productivity, improving the social safety net for their citizens, and lifting constraints imposed on growth.

Asia to Lead Global Economic Growth in 2010: UN predicts

The United Nations says the world economy is on the mend. In its annual economic report released on January 20, the U.N. predicts a global growth rate of 2.4 percent in 2010 with East and South Asia taking the lead. But the organization warns conditions for sustained growth around the world remain fragile.

The U.N. report says the world's economy is beginning to show signs of modest recovery. Equity markets are on the rebound, international trade and industrial production are rising and banks are starting to lend again. It's an economic revival driven in large part by massive stimulus measures around the world.

"In Hong Kong, we have spent some $11.2 billion on economic stimulus measures. That is equivalent to about 5.2 percent of our GDP. We have taken extraordinary steps to guarantee bank deposits, support small and medium enterprises and provide additional capital to the banking sector if required," said Hong Kong Chief Executive Donald Tsang. His comments came at the start of the Asian Financial Forum in Hong Kong, where international delegates and representatives of the International Monetary Fund met to discuss the region's economic future.

"The transformation has been huge and the share of Asia in the global economy has raised a lot, helping hundreds of millions escape poverty. And in front of us, we have the possibility of sustained growth, helping billion, one billion people to get out of poverty,' said IMF Director Dominique Strauss-Kahn, who noted the crucial role Asia is playing in a post recessionary world.

The world economy has shown steady improvement since the second quarter of 2009, but Strauss-Kahn says the recovery has been uneven. China grew at a blistering pace of 10.7 percent in the final quarter of 2009, but the government has since placed curbs on lending to reduce inflation and cool down an overheated economy. In contrast, Japan is worried about deflation and weak demand could push the economy back into recession.

"Macro-economic situation has been very sluggish for last couple of decades. In Japan, we haven't seen the actual nominal GDP growth for as long as two decades," said Takashi Hibino, head of brokerage firm, Daiwa Securities.

Forecasts call for East Asia to grow 6.7 percent this year, followed by South Asia, - at 5.5 percent in 2010.

The International Monetery Fund expects growth to accelerate in the poorest regions in Africa as the global recession eases.

And the U.S. and the 16 nation Eurozone can expect modest but continued expansion even as job growth continues to lag in the new year.

ICC Hqs News

ICC inaugurates Asia Regional office

The office of honour Associate Professor Ho Peng Kee, Senior Minister of State, Ministry of Law; John Beechey, Chairman, International Court of Arbitration of the International Chamber of Commerce and Jason Fry, Secretary General, International Court of Arbitration of the International Chamber of Commerce.

Held in accordance with traditional Chinese custom the inauguration featured a lion dance and a ribbon-cutting opening ceremony.

Remarking on the choice of Singapore as the location for the regional office at a function which followed the inauguration, Professor Ho Peng Kee said: "The opening of this office will not only strengthen Singapore as a regional arbitration hub but also hold out Singapore as a launch pad to serve the arbitration needs of Asia as a whole".

Stressing that ICC had long recognized the importance of the Asia Pacific region to ICC Dispute Resolution Services and in particular to arbitration, Mr Fry said: "In Asia, ICC Arbitration case numbers increased by 13% from 2008 to 2009 and the Secretariat in Hong Kong is now managing 130 cases in the region. These figures stand as a testament to our decision further to enhance our presence in Asia."

Mr Fry also extended his thanks to the Government of Singapore for their support and encouragement in locating an office focused on dispute resolution in Singapore and to accommodate that office in Maxwell Chambers.



Leaders from several of ICC's representative offices in Asia – including ICC Indonesia, ICC Malaysia, ICC Singapore and ICC Sri Lanka – were present at the event. Mustafa Mansur, ICC Regional Coordinator, Asia Pacific, also attended and officially raised a toast to the success of the regional office.

The regional office will be managed by ICC Regional Director for Trade and Policy Lee Ju Song. Ms Lee's responsibilities include fostering ICC cooperation with regional economic groupings – such as the Association of Southeast Asian Nations, the Asia-Pacific Economic Cooperation, the Gulf Cooperation Council and the South Asian Association for Regional Cooperation – to create a more conducive business environment in the region.

In December 2009, Kim Kit Ow was appointed Asia Regional Director for ICC Arbitration and Amicable Dispute Resolution, ICC regional office, Asia. Ms Ow, who has a broad legal background, will work in close cooperation with ICC members in the region to promote ICC's dispute resolution services. She will also help to organize training programmes and regional arbitration forums.

Piracy incidents rise for third consecutive year

The number of reported piracy and armed robbery incidents on the high seas rose for a third consecutive year in 2009, with 406 cases registered compared with 293 the previous year, according to the ICC International Maritime Bureau (IMB).

The main reason for nearly 39% rise was the situation off the coast of Somalia, where piracy activity in the region accounted for more than half of all acts of piracy reported last year.

In the year just ended 153 vessels were boarded worldwide, 49 were hijacked, 84 suffered attempted attacks and 120 were fired upon. A total of 1052 crew members were taken hostage, 68 others were injured, and eight were killed. With 74 more vessels being fired upon last year than in 2008, the level of violence and the corresponding injuries and deaths is clearly rising.

"Increases in the frequency and level of violence perpetrated against ships at sea and the people who work them is a serious concern," said IMB Director Captain Pottengal Mukundan. "Our hope is that this escalating volume of piracy is met with a heightened response from the governments and agencies best able to reduce and contain these risks to human life and property."

The total number of reported incidents attributed to Somali pirates in 2009 stands at 217, with forty seven vessels hijacked and 867 crew members taken hostage. Attacks in Somalia continue to be characterized as opportunistic in nature, meaning it was an unplanned attack.

iIn 2008, 111 vessels were targeted by Somali pirates resulting in 42 hijackings. Although the number of incidents attributed to Somali pirates last year almost doubled, the number of successful hijackings was proportionately lower. This is the result of the increased presence and coordination of the international navies along with heightened awareness and robust action by the Shipmasters transiting in the area.

The international navies play a critical role in the prevention of piracy in Somalia and it is vital that they remain in the region," Captain Mukundan said.

While attacks off the coast of Somalia remain high, the area where they are taking place has shifted. In 2008, the bulk of the attacks were predominantly focused in the Gulf of Aden, but during the last quarter of last year more vessels were being targeted along the east coast of Somalia. Since October, increased activity has also been observed further out in the Indian Ocean with 33 incidents reported, including 13 hijackings. Many of these attacks have occurred at distances of approximately 1,000 nautical miles off Mogadishu, the Somalian capital.

"Mother ships have traditionally posed as fishing vessels or dhows to avoid detection," Captain Mukundan said. "Reports of such crafts so far from the coast should be questioned and investigated."

Other African waters remain very dangerous as well. Twenty-eight incidents were reported for Nigeria last year, with 21 vessels boarded, three fired upon, and one hijacked. Three ship Masters reported an attempted attack on their ships and one crew member was reported killed when robbers tried to escape after looting a vessel.

Because the majority of incidents related to the oil industry and fishing vessels go unreported, external sources suggest at least another 30 unreported attacks likely occurred in Nigeria in 2009.

Increases in piracy were also reported in other parts of the globe. For the second consecutive year, incidents in the Singapore Straits have increased, with nine incidents were reported in 2009 compared with six in 2008. Of the nine reported incidents, six vessels were boarded and three reported attempted attacks.



Thirteen incidents were reported by ships steaming in the South China Seas, the highest number than in the previous five years. Of the 13, eleven were boarded, one vessel was hijacked, and one reported an attempted attack.

Even though there has been significant improvements in the safety and security in South East Asian and Far East waters, there still remains an underlying potential for incidents to increase without any prior warning, the report said. It urged that pressure on the pirates and robbers should be maintained by the littoral states and the constant physical presence in the waters.

Indonesia remains a bright spot on piracy, with just 15 incidents recorded in 2009, the majority of which were opportunistic in nature. Piracy activity has also slowed in the Malacca Straits with only two incidents reported in 2009, the same number as the previous year.

Bangladesh (Chittagong) has shown a slight increase in the number of attacks compared with 2008. Most of these have been opportunistic. Of the 17 vessels attacked, 14 were boarded and ship stores stolen.

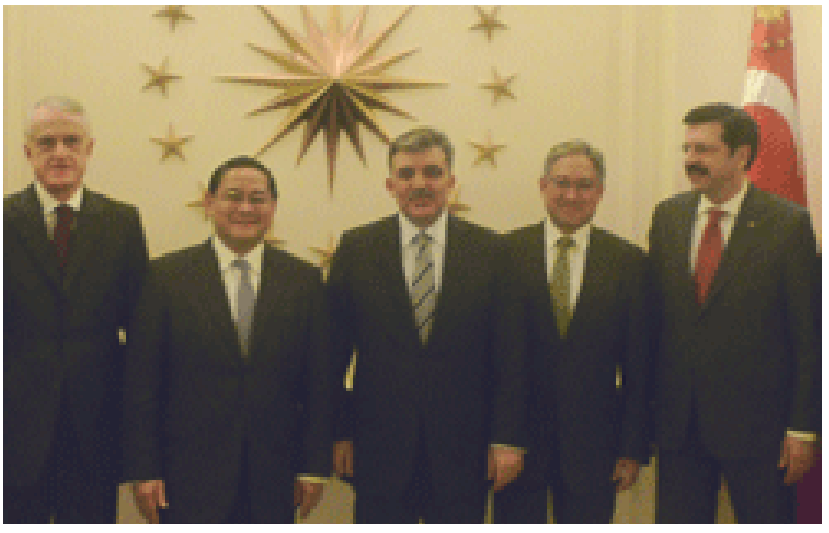
Piracy remains on the rise in South America, with 37 incidents reported from just 14 in 2008. Twelve incidents occurred in the anchorage of Callao in Peru in 2009, up from the five recorded in the previous year. Other countries impacted include Brazil, Colombia, Costa Rica, Ecuador, Haiti and Venezuela. Most attacks in these countries were successful and were carried out while the vessels were berthed in port or while at anchor, a similar trend to the piracy activity recorded in 2008.

The IMB strongly urges all Shipmasters and Owners to report all incidents of actual and attempted piracy and armed robbery to the IMB Piracy Reporting Centre (PRC). This is the first step in the response chain and vital in ensuring that adequate resources are allocated by governments to deal with the problem.

ICC Chairman discusses economic recovery with President of Turkey

In a private meeting with ICC Chairman Victor K. Fung on January 12, Turkish President Abdullah Gul reaffirmed Turkey's commitment to cross border trade within the scope of international rules. Rifat Hisarcıklıoglu, President of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and Chairman of ICC Turkey also represented ICC at the meeting. Speaking in response to

Mr Fung's remarks that while world markets were showing early indications of recovery protectionist measures should be resisted, President Gul agreed that protectionism remained a real threat to recovery. During the meeting, which took place at the Cankaya Presidential Palace in Ankara, Mr Fung stressed that the multilateral trading system could be strengthened by successfully concluding the Doha Round of trade negotiations as swiftly as possible.



Mr Fung highlighted ICC's global campaign to provide business input into the deliberations of the G20. He said that ICC considered Turkey to be a key member of the G20 and one that was well positioned to voice business messages in international markets. Mr Fung also briefed Mr Gul on ICC's role as the voice of world business and informed him of ICC's advocacy efforts to promote the multilateral trading system and restore trade finance to more normal levels.

Earlier in the day Mr Fung, Mr Hisarcıklıoglu and Rona Yircali, Chairman of the Turkish Foreign Economic Relations Board (DEIK) and Chairman of the ICC World Chambers Federation (WCF), met with Turkish State Minister for Foreign Trade Zafer Caglayan. Referring to the current economic climate, Mr Caglayan told the ICC delegation that during the current crisis, Turkey had been the only country to have recorded a two-grade increase in its credit rating.

Mr Fung participated in the meetings as part of a two-day visit to the country, which also included meetings with Chairman of the Turkish Exporters Assembly Mehmet Buyukeksi, DEIK and TOBB. At an event hosted by Mr Yircali in Istanbul on Monday, Mr Fung addressed over 120 Turkish business leaders. He told guests that Turkey, which has been a member of the World Trade Organization since 1995, had been well served by the multilateral trading system.

"The level playing field in international trade has provided the platform for Turkey to develop its export industries," he said. "In addition, Turkey's geographic location as the cross-road between the traditional export market in Europe and the fast growing Asian economies will provide it with significant economic opportunities for decades to come."

Turkey joined ICC in 1934 and has been a particularly active member for the past 76 years. Two years ago, WCF held its biennial world Congress in Istanbul attracting over 1,600 delegates from 118 countries.

ICC training on international commercial arbitration

Drawing upon the experience of renowned arbitrators in a multicultural and international environment, the global business organization will organize a PIDA training on international commercial arbitration that will study a mock case under the ICC Rules of Arbitration.

The three-and-a-half day seminar from 17 to 20 May will meet the practical needs of those involved in international trade and will simulate how ICC Arbitration functions, highlighting differences in cultures and legal practices. Participants will develop first-hand experience and knowledge of the ICC Rules and practice of international commercial arbitration tools that have become essential in today's international business environment.

Under the auspices of the ICC Institute of World Business Law, the training is designed for legal directors and corporate counsel from companies involved in international commercial arbitration; magistrates; practising lawyers; legal practitioners who advise international trading companies; and business people involved in international trade and dispute resolution.

Seminar participants will study a mock case with the working groups limited to roughly 10 participants. The case will be sent to participants before the training so that they can read the facts, prepare to

work in groups, and identify the contractual clauses which cover the events mentioned in the facts. They will then simulate an arbitral hearing, presenting testimony and other evidence and carrying out cross examinations.

The seminar sessions will discuss topics including the state of arbitration in the world today; the general principles of arbitration; the selection and appointment of arbitrators; and the powers, duties and roles of arbitrators.

ICC sponsors seminar on arbitration and sport

The increasing use of arbitration in sport over the last decade has challenged the legal framework in which arbitration disputes are addressed in many jurisdictions.

Recent controversies, including the decisions of the Swiss Supreme Court on the Court of Arbitration for Sports Jurisdiction, the legal consequences of misconduct in Formula One, and the sporting consequences of irregularities at West Ham Football Club in London, illustrate the increasing need for arbitration in disputes involving professional sports.

The arbitral system is under strain both externally and internally, the latter visibly evidenced by increasing controversies over conflicts of interest between arbitrators and counsel, and the potential liability of arbitral institutions unprotected by arbitral immunities such as ICC.

To deal with the growing importance of arbitration in sports, the global business organization, under the auspices of the ICC Institute of World Business Law, is hosting a one-day seminar on 22 April at Roland Garros, the venue of the French Open.

"Arbitration and sport have the world as their common playing field and it is therefore normal that they come together," said Thomas Clay, the co-chair of the colloquium and Dean of the Versailles Law School. "At a time when sports are becoming more professional and the stakes are becoming higher than ever, dispute resolution takes on an increasingly important role."



"In many respects arbitration offers the most suitable solutions with regards to the rapidity, diversity, incontestability and professionalism of the decisions rendered," Mr Clay added. "This explains its exponential success, and justifies that we spend a day with the best specialists from all over the world."

The seminar, entitled Arbitration and Sport should be of particular interest to practicing lawyers, corporate counsel, arbitrators, mediators, academics and other practitioners interested or involved in sport-related disputes.

Serge Lazareff, Chairman of the ICC Institute of World Business Law, will deliver the introduction, with participants debating topics including how to recognize real from fake sports-related arbitrations; how are disputes in Formula One, the America's Cup and American professional sports arbitrated; and whether sports-related arbitral proceedings differ from other arbitrations.

Other topics include the independence of arbitrators, the recourses against arbitral awards in sport; and whether an agreement to arbitrate exists in sports.

The seminar will end with a roundtable on the link between national, international and supranational sports-related proceedings.

Participants will enjoy a complimentary guided tour of the famous Roland Garros Stadium and players' suites.

New EU data transfer rules bear ICC imprint

The European Commission has substantially revised the Standard Contractual Clauses (SCC) for global data transfers from data controllers in the European Union (EU) to data processors outside the 27-member union, according to ICC press release issued on February 17.

"Although the Commission unfortunately did not adopt many of the suggestions made by the business associations, the new SCCs do have some important advantages over the existing controller-to-processor clauses," said Christopher Kuner, the Chair of the ICC Task Force on Privacy and Data Protection. "I see this as an improvement but not as a breakthrough in making model clauses easier to use."

Since the EU published its set of controller-to-processor clauses in 2001, the business community has recognized the need for a more pragmatic set of clauses that takes into account the rapidly-evolving

climate for data processing. As global sourcing progresses and more businesses transfer data processing to companies that process data subject to an agreement with and under the control of the original data controller, the need for more pragmatic clauses has increased.

The EU Commission update represents the latest attempt to design data protection measures that safeguard personal data while meeting the day-to-day realities of business operations, based on practical business experience and aimed at closer cooperation between business and government authorities.

In October 2006, ICC, in conjunction with the American Chamber of Commerce to the EU, the Federation of European Direct Marketing, and the Japan Business Council in Europe, presented a draft covering the flows of personal data from data controllers to data processors.

Mr Kuner, a partner with Hunton & Williams in Brussels, who took the lead on negotiation on the clauses, said one important advantage of the new clauses is that for the first time they contemplate the possibility that a data processor outside the EU may need to transfer personal data to another data processor, something that happens frequently in daily business practice.



Under the clauses, such transfers may be carried out when the original data controller consents in writing and when the same data protection obligations that are imposed on the original data processor are also imposed on the sub processor. Another important change is that the new clauses must be used for new or changed transfers to data processors, meaning that the existing SCC's for controller-to-processor transfers may no longer be used for such transfers from 15 May 2010.

While other mechanisms that provide a legal basis for complying with the EU restrictions for transferring personal data outside the EU exist and are increasingly popular, the use of SCCs remains indispensable. In many cases they are the only readily available data transfer solution that can be used and implemented on short notice.

The approval of these model clauses is the latest example of tools ICC has promoted with the European Commission to improve international data transfers for global business. Previous efforts culminated in the EU adopting ICC's recommended changes to the standard clauses for international transfers from data controllers to other data controllers and its binding corporate rules checklist to streamline the process for companies applying to different data protection authorities around the EU.

Climate indicator rises but concerns remain on strength of recovery

The World Economic Climate Indicator rose in the first quarter of the year for the fourth consecutive time due primarily to positive assessments of the current economic situation in Asia, but the expectation of a continued rise in unemployment, and other factors, raised concerns about the strength of the recovery.

"After four consecutive positive results the latest survey results can be interpreted as a clear sign of a global economic recovery," concluded the International Chamber of Commerce (ICC) and the Ifo Institute for Economic Research, who jointly conduct the global economic survey each quarter.

"While the world economy is clearly recovering, national and international economic policies will need to address challenges including rising unemployment and high levels of public debt if the global economy is to return to balanced and sustained economic growth," ICC Secretary General Jean Rozwadowski said.

The climate indicator rose to 99.5 compared with 91.4 in October, exceeding its long-term average of 96.9 during the 1991 to 2009 period for the first time in two years. "Above all, developments in Asia have contributed to the better-than-average economic climate," the report said. "In all other major economic regions, however, the indicator is still below its long-term average." But the experts questioned said that even in Asia the six-month outlook, though optimistic, is expected to be less favourable than in the previous quarter. The experts have less optimistic expectations for North America but confidence with regards to the coming six months is higher for both western and eastern Europe.

The report warned that while "the acute phase of the financial crisis is behind us" a number of factors raise concerns about the strength of the current recovery. These include rising unemployment in

many regions, insufficient demand, large deficits in public finances, and the pressure of fiscal consolidation that will force many economies to scale down the fiscal and monetary measures taken during the crisis.

The survey, which polled 1,057 experts in 94 countries in January, said the majority of those questioned expected both short and long-term interest rates to rise this year, another element that may affect economic growth. A worldwide inflation rate of 2.9% this year, compared with an estimated rate of 2.5 % for 2009.

Asia leads the way

As has been the case in the recent past, Asia was the region with the highest level of economic confidence. The report assessed the situation as particularly strong in China, where the present economic situation stabilized at a favourable level, as well as in Hong Kong, Vietnam and India. Both the Chinese and the Indian economies are expected to grow substantially this year.

"Although economic growth in China is partly attributed to its high fiscal stimulus and credit easing, there are also chances for positive multiplication effects on private consumption, which is expected to remain buoyant in the first half of 2010," the report said.

Optimism in Western Europe and North America

The climate indicator for Western Europe improved significantly, and economic expectations continued improving as they had throughout 2009. But the climate did not improve in all of the countries of the euro area, deteriorating in France, Greece, Portugal, Slovenia and Cyprus. The current situation was assessed as being weakest in Ireland, Spain and Portugal, while economic expectations were upgraded for the Netherlands, Belgium, the United Kingdom and Ireland.

The economic climate indicator for Canada and the United States improved for the fourth consecutive quarter but only because of a better assessment of the current situation even as economic expectations remained positive. "However, particularly in the US, the present economic performance is still assessed with very low marks," the report said.

The ICC-Ifo report said the present economic situation in Russia remained weak, although considerably less so than last year. The driving engine of the economy continues to be the export sector, which is expected to continue growing during the next six months. The present economic situation in the vast majority of central and Eastern European countries remains weak, with particularly low marks given to Romania, Latvia, Estonia, and Lithuania, which along with Bulgaria were hit particularly hard by the economic crisis.

In Latin America the climate indicator improved in January, with assessments of the present economic situation strongly upgraded and expectations for the next six months seen strengthening further. The economic climate is particularly favourable in Brazil, Chile, Peru and Uruguay.

G20 expected to improve coordination of world economy

The vast majority of the surveyed economists replied positively to an ICC special question asking whether they believe that the emergence of the G20 as the premier forum for international economic cooperation will lead to better coordination of the world economy.

In Asia 80 % of respondents either strongly agreed or agreed that the G20 will lead to better coordination, followed by the Near East (77%); respondents from the G20 countries themselves (76%); North America and Latin America (both with 72%); and Western Europe (71%).

Getting the "green" message right
ICC issues new environmental ad framework

As more consumers consider environmental features important in their purchasing decisions, businesses have a keen interest in communicating the 'green' attributes of their products. Getting the message right is far from easy. To help marketers and advertisers avoid the mistakes of vague, non-specific or misleading environmental claims, the International Chamber of Commerce has produced a new global Framework for Responsible Environmental Marketing Communications.

"The new framework helps marketers and their agencies ensure the messages they develop hold up to the basic principles of truthful, honest and socially responsible communications," said John Manfredi, Chair of the ICC Commission on Marketing and Advertising. "While the principles are simple, applying them amid the hype and fury of new claims and terms that are not universally understood, is more complicated. This guide is an attempt to map that process for companies and provide a standard for self-regulators to evaluate when claims are questioned."

The launch seminar featured a presentation of the new framework and an interactive discussion based on case examples that demonstrate how the framework tools can be applied to improve advertising and avoid misleading claims.

ICC has been a major rule-setter for international advertising since the 1930s, when the first ICC code on advertising practice was issued. Since then, it has extended the ICC self-regulatory framework on many occasions to assist companies in marketing their products responsibly.

WTO News

Committee going public on farm trade concerns

The WTO's Agriculture Committee has moved to make members' exchanges on their policies more readily available to the public. For the first time, questions and answers on farm trade policies in the 10 March meeting are being compiled into official WTO documents, with restricted circulation at first and then available publicly after 60 to 90 days.

Among the questions and answers in this first meeting of 2010 were exchanges on the latest developments towards agreeing the European Union's revised commitments to take into account the addition of new members.

Separately - under "other business" - Australia, Brazil and Thailand expressed their concern about the European Union increasing its sugar exports, which the EU said is not subsidized.

And the committee agreed that the Inter-American Institute for Cooperation on Agriculture (IICA) should become an observer. Because WTO members are currently deliberating the issue of new observers, IICA will be an "ad hoc" (ie, not permanent) observer, invited to attend initially meeting by meeting.

These "regular" Agriculture Committee meetings deal with routine WTO work, and not the current negotiations, which take place in separate "special sessions". The committee comprises all WTO members.

Lamy says trade can have a positive impact on job creation during economic downturn

Director-General Pascal Lamy, in his speech to the European Policy Centre in Brussels on 24 February, said that one year on from the onset of the financial crisis "the multilateral trading system has proven its sturdiness as a bulwark against runaway protectionism". He stressed that today there is "economic imperative" to conclude the Doha Round. This is what he said:

"Thank you very much to the European Policy Centre for organising this morning's discussion. I am grateful for the opportunity to present the case for international trade as an important part of a global solution to the recent economic downturn. As economies attempt to recover from the crisis, keeping international markets open is vital."

Turbulent times

These are not easy times. We know that in 2009, growth of real world GDP was negative, estimated at -2.2 per cent. Furthermore, the global unemployment rate reached its highest level ever, with the International Labour Organization estimating the number of jobless worldwide at over 200 million. The adverse impact of the recent financial crisis on the world economy in terms of output and employment is undeniable.

World trade has also been a casualty of this crisis, contracting in volume terms by around 12 per cent in 2009 - the sharpest decline since the end of the Second World War. The main explanation for this freefall in trade has been the simultaneous reduction in aggregate demand across all major world economies. The drying up of trade finance during this period has also been a contributing factor. To a much lesser degree, trade has been adversely affected by some instances of increased tariffs and domestic subsidies, new non-tariff measures and more anti-dumping actions.

We started last year with a collapse in trade, a drying up of trade finance, concerns that donors would reduce funding for "Aid for Trade", and worries that protectionism would kick in. And yet one year on from the onset of the crisis, we see that, to this point at least, the multilateral trading system has proven its sturdiness as a bulwark against runaway protectionism.
In most developed economies, including the EU, stimulus packages have been instrumental in preventing further deterioration in output while preparing the path to recovery. The jury is still out though on whether some of the measures introduced to stimulate economies contain provisions that favour domestic goods and services at the expense of imports.

But the positive impact of national stimulus packages is fleeting and worries are mounting over the huge budget deficits rung up by many governments. Economies urgently need other sources of growth - sustainable engines of growth which will not add to our already seriously indebted economies. This is where trade can be an important part of the story, both in the long-run and in the short to medium-term.

Trade as source of growth & jobs

In the long-run, economic growth is driven very significantly by technological progress and the quality of domestic institutions. Trade has an important role in this context. First, it can enhance technological progress by increasing the incentives to innovate, facilitating transfer of technology and fostering "learning-by-doing" effects.

First, it can enhance technological progress by increasing the incentives to innovate, facilitating transfer of technology and fostering "learning-by-doing" effects.

Second, trade reform may directly increase the quality of institutions by leading to the adoption of certain institutional norms. Moreover, the preferences that underlie such institutional reforms may be the indirect consequence of the workings of market forces associated with trade.

In the short-to-medium run, trade allows external demand to provide a buffer for economies facing low domestic demand during periods of recovery from the crisis. This is especially important in several developed economies, where domestic demand is likely to be subdued for a while as domestic savings are reconstituted and the financial system recovers. Trade openness vis-à-vis a diverse set of countries is important for mediating the effect of a shock.

More generally, trade can increase income or output levels through efficiency gains from specialization based on comparative advantages, greater competition, access to a larger variety of intermediate inputs, scale economies and an intra-industry reallocation of resources.

Moreover, exports, in particular, can increase the levels and growth rates of income or output as they often have a high value-added component. This is especially true in developed countries, where firms specialise in the high value-added segment of the global supply chain. Importantly, the value-added component of exports is likely to have a positive effect on domestic demand due to backward linkages with several sectors in the economy.

In fact, evidence suggests that the domestic content of value added by exports is higher as countries develop. For example, in 2008, 80 per cent of the value of the goods exported by the US had a domestic content, while this share was only 42 per cent for Malaysia. In addition to the value-added argument, there is evidence of "learning-by-exporting", which increases productivity and hence promotes growth.

As a digression, it is also worth noting trade may help keep prices of goods down as economies recover from the crisis. This means that prices will not increase as much in response to an increase in output or a reduction in unemployment when economies are open to trade because trade allows countries to source important goods or inputs from the rest of the world.

An increase in levels of output or income is crucial to the process of recovery from the recession. But equally crucial is a reduction in rates of unemployment. Today unemployment is intolerably high. More must be done to empower our citizens. Trade can be part of the solution. So how does trade alleviate this concern?

Naturally, an increase in incomes creates jobs in different sectors by increasing demand in the domestic economy, which has subsequent multiplier effects. This resulting increase in jobs is what may be termed the "second-round" effects. But trade, in general, and exports, in particular, are also likely to contribute directly to the reduction of unemployment in the recovery phase following the financial crisis. These "first-round effects" relate to the experience of a number of countries where the share of employment which depends on exports is typically large.

For example, it is estimated that in 2008, 22 per cent of total employment in Germany depended on exports. Similarly, in the United States, two out of every ten manufacturing jobs in 2006 were related to exports of manufactured goods. There are also a large number of workers involved on the import side of trade. In Australia, for instance, 1 in 10 workers were involved in import related activity in 2008.

Going forward, preliminary estimates suggest that exports could contribute to about 40 million jobs in China and manufacturing exports could create about 160,000 jobs in the United States in 2010.

These findings appear to be particularly relevant in the current situation as trade has the potential to pick up strongly and lead to new hiring, particularly in export-oriented sectors.

Of course, one must remember that not all the jobs created in export-oriented sectors will go to previously unemployed workers. Some will go to previously employed workers who are transferring to the export sector because of better opportunities.

Even so, this re-allocation is economically valuable. It means that workers are moving from sectors where their marginal product is lower to those where it is higher. This results in productivity gains to the economy and hence increased output and unemployment. But given the current high rates of unemployment the world over, it is likely that many of those getting these jobs in the export sector will be from the ranks of the unemployed.

It must also be acknowledged that with import competition and outsourcing, trade may lead to job loss in certain sectors of the economy. This is where domestic programmes to train workers and foster greater mobility in labour markets can enable those displaced to find jobs in the more efficient, expanding sectors of the economy. And this is also where social safety nets can help them bear the burden of transition in the short-run.

So what can we say in terms of the role of trade policy during this period of recession? The key point is that trade can have a positive impact on incomes or output and job creation during this economic downturn. But for this, international markets must remain open and countries must continue to trade on the basis of comparative advantage.

Keep trade open and keep opening trade

Specialization of production and export structures on the basis of comparative advantage is at the very heart of European economic integration. A free-trade area enables countries in the region to reap the efficiency gains of trade opening that arise from comparative advantage, scale economies, increased competition, access to a variety of intermediate inputs and intra-industry resource allocation. Furthermore, given that the EU represents an even deeper form of integration with free movement of factors across its constituent countries, it can facilitate adjustment in the face of an asymmetric country-specific economic shock.

We must therefore ensure that trade remains open. But we must also work to keep opening trade through the conclusion of the Doha Round. A Doha deal would provide new market opportunities through the reduction of tariff barriers and domestic subsidies. But it would also reduce the fixed costs of trading by addressing, for example, customs procedures and red-tape in the part of the negotiations devoted to "trade facilitation".

Finally, and very importantly, the DDA [Doha Development Agenda] will provide for more certainty in trading arrangements by securing binding commitments from member countries. This is especially important for economic growth to create jobs, as experience from past recessions suggests that employment growth will be sluggish in the aftermath of the crisis even though output expansion may have resumed.

During the "dotcom" crisis, for example, the US economy stopped contracting in November 2001 and began growing again, in terms of output. But the US unemployment rate continued to climb until June 2003, a full 19 months later.

One reason commonly advanced to explain this "jobless recovery" is the uncertainty faced by employers about whether the economic expansion they are witnessing is sustainable. Only if they are convinced that demand growth is durable will they be willing to commit to new hiring. A successful Doha Round will greatly reduce uncertainty relating to protectionism, the spectre of which may hinder new hiring, especially in the export sector, since it is the most vulnerable to trade restrictions.

Of course, opening markets may expose countries and individuals within countries to greater volatility. But the response cannot be to turn away from openness. It must be to ensure that market opening is accompanied by international rules and international and domestic policies, such as Aid for Trade, that ease any potential adverse impacts during the transition period.

If there was a geopolitical sense in launching the Doha Development Round in 2001, another year when the world was put to the test, it is today economically imperative to conclude it.

Thank you very much for your attention.

WTO Chairpersons for 2010

The WTO General Council on 22 February noted the consensus on the following slate of names of chairpersons for WTO Bodies:

The General Council also agreed to renew the appointments of the current chairs of the bodies under the Trade Negotiations Committee, and filled the vacancy in the Special Session of the Council for TRIPS by appointing H.E. Mr. Darlington MWAPE (Zambia) as chair.

Chairpersons of WTO Bodies - 2010	
General Council	H.E. Mr. John GERO (Canada)
Dispute Settlement Body	H.E. Mr. Yonov Frederick AGAH (Nigeria)
Trade Policy Review Body	H.E. Mr. Bozkurt ARAN (Turkey)
Council for Trade in Goods	H.E. Dr. Anthony Mothae MARUPING (Lesotho)
Council for Trade in Services	H.E. Mrs. Elin Østebø JOHANSEN (Norway)
Council for TRIPS	Mr. Martin GLASS (Hong Kong, China)
Committee on Trade and Development	H.E. Mr. ERWIDODO (Indonesia)
Committee on Balance-of- Payments Restrictions	Mr. Raimondas ALIŠAUSKAS (Lithuania)
Committee on Budget, Finance and Administration	Mr. Pasi-Heikki VAARANMAA (Finland)
Committee on Trade and Environment	H.E. Mr. Eduardo MUÑOZ GÓMEZ (Colombia)
Committee on Regional Trade Agreements	H.E. Mr. Alfredo SUESCUM (Panama)
Working Group on Trade, Debt and Finance	H.E. Mr. Federico A. GONZÁLEZ (Paraguay)
Working Group on Trade and Transfer of Technology	H.E. Mr. Hisham M. BADR (Egypt)

These chairpersons are to serve until the next Session of the Ministerial Conference, except for the chairperson of the Negotiating Group on Rules, who has informed the General Council chair that he would shortly be recalled to capital. The new chair of the General Council is expected to undertake consultations on finding a new chair for the Rules Group.

Interactive service gives tariff research new sophistication

A new service was added to the WTO's set of tools for finding out information on customs tariffs on 3 February.. The latest addition, "Tariff Analysis Online", is the WTO's most versatile so far. It includes the greatest available level of detail on the tariffs that WTO members have legally bound and the rates they are actually charging, summary import statistics, and the ability to analyse these interactively.

Tariff Analysis Online draws on two WTO databases: the Integrated Database (IDB) of tariff and import data, and the Consolidated Tariff Schedules, which contains WTO members' commitments on tariffs and agricultural subsidies. It provides users with flexible search criteria and produces a range of analytical reports - the results of the searches - covering both tariffs and imports, in detail and summary levels. Users can manipulate the analysis online and download and print the resulting reports.

The development of the new service is in line with the Market Access Committee's decision of 13 July 2009 to make detailed information on tariffs available to the public.

The existing Tariff Download Facility is simpler and would be the service of choice for users looking for more basic information. It provides standardized statistical information on bound, applied and preferential tariffs on products defined in slightly less detail, by Harmonized System (HS) six-digit codes, with the ability to compare between countries swiftly.

A third service, the World Tariff Profiles, provides similar information to that of the Tariff Download Facility but for broader product categories. The legally bound commitments on customs duty rates, which act as ceilings on the tariffs that member governments can set are known as "bound rates". The rates that governments actually charge on imports, which can be lower, are known as "applied rates" and have a direct impact on trade. All of these services provide data on both bound and applied rates.

Customs codes and standardization

Products in the databases are identified using the World Customs Organization's internationally agreed "Harmonized System" (HS).

Under the system, the broadest categories of products are identified by two-digit "chapters" (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 or "heading" 0403 is a group of products derived from milk. At six digits, 0403.10 is the "sub-heading" for yoghurt; at the eight-digit level, 0403.10.11 could be low-fat yoghurt "tariff line".

The codes are standard up to six digits, the most detailed level that can be compared internationally. This is used in the Tariff Download Facility. Beyond that, countries are free to use their own definitions according to their individual requirements, and this is reflected in the new Tariff Analysis Online.

Both Tariff Analysis Online and the Tariff Download Facility allow data to be downloaded in Microsoft Excel spreadsheets and other formats.

WTO launches discussion forum for World Trade Report 2010

The WTO has launched a discussion forum in the run-up to publication of the 2010 World Trade Report in July. The theme of this year's report is "Trade in Natural Resources: Challenges in Global Governance".

To stimulate debate, the WTO has created a specific web page where individuals can express their views on the challenges of global trade in natural resources and on the role the WTO could play. The aim is to encourage discussion among WTO delegates, non-governmental organizations (NGOs), academic experts, WTO staff members and all those with an active interest in natural resources.

In the months leading up to publication of the Report, short articles concerning the relationship between international trade and natural resources will be posted on the web page. Members of the research and policy community can contribute to this discussion by submitting papers of their own or by commenting on the papers already submitted. Comments are also sought from any individuals with an interest in natural resources. All contributions will be taken into consideration by the authors of the World Trade Report 2010.

WTO launches 2010 Essay Award for Young Economists

The WTO launched on 2 March the 2010 Essay Award for Young Economists. The Award aims to promote high-quality research on the WTO and WTO-related issues among young economists and to reinforce the relationship between the WTO and the academic community.

Prize

The annual WTO Essay Award consists of a prize of CHF 5,000 to the author(s) of the winning essay. In the case of a co-authored paper, the prize will be equally divided among the authors. The winning paper will be officially announced at the annual meeting of the European Trade Study Group (ETSG), which is currently the largest conference specializing in international trade. The award ceremony will take place in September 2010 in Lausanne, Switzerland. The winning author(s) will receive funding to attend the meeting.

Selection

An Academic Selection Panel is responsible for the selection of the winning paper. The Panel comprises:

* Professor Jagdish Bhagwati (Columbia University)

* Professor Robert Staiger (Stanford University)

* Professor Alberto Trejos (INCAE Business School).

* Ex officio panel members will include Dr Patrick Low (Director, Economic Research and Statistics Division, WTO Secretariat) and Dr Hakim Ben Hammouda (Director, Institute for Training and Technical Cooperation, WTO Secretariat).

Dr Michele Ruta (Economist, Economic Research and Statistics Division, WTO) coordinates the work of the Selection Panel.

Eligibility

The paper must address issues related to the economics of the WTO (e.g. the design of trade agreements, contingent protection, trade facilitation, the effects of trade agreements, Aid for Trade, the economic aspects of dispute settlement). The author(s) of the paper must possess or be engaged in the completion of a PhD degree and, if over 30 years of age, be no more than two years past a PhD defence. In the case of co-authored papers, this requirement shall apply to all authors. In addition, to be considered for the Award, essays cannot exceed 15,000 words.

Important deadlines

Essays must be submitted by 15 June 2010. The Economic Research and Statistics Division at the WTO Secretariat will shortlist eligible papers by 1 July 2010 and the Selection Panel will take a final decision by 1 August 2010. Only the author(s) of short-listed essays will be notified.

Publication

The winning essay will be published in the WTO Working Paper Series and it is the responsibility of the author(s) to endeavour to secure publication of the contribution in a journal.

Submissions

All submissions should be sent to Aishah Colautti with the subject line "WTO Essay Award". Submissions should include as separate attachments in PDF format:

1. the essay
2. the CV of the author(s), specifying (i) current affiliation(s), (ii) the academic institution awarding the PhD, (iii) the year (or the expected year) of the PhD, (iv) the date of birth of the author(s).

Trade to expand by 9.5pc in 2010 after dismal 2009: WTO

After the sharpest decline in more than 70 years, world trade is set to rebound in 2010 by growing at 9.5%, according to WTO economists. "WTO rules and principles have assisted governments in keeping markets open and they now provide a platform from which trade can grow as the global economy improves. We see the light at the end of the tunnel and trade promises to be an important part of the recovery. But we must avoid derailing any economic revival through protectionism," said Director-General Pascal Lamy.

Exports from developed economies are expected to increase by 7.5% in volume terms over the course of the year while shipments from the rest of the world (including developing economies and the Commonwealth of Independent States) should rise by around eleven per cent as the world emerges from recession.

This strong expansion will help recover some, but by no means all, of the ground lost in 2009 when the global economic crisis sparked a 12.2% contraction in the volume of global trade - the largest such decline since World War II. Should trade continue to expand at its current pace, the economists predict, it would take another year for trade volumes to surpass the peak level of 2008. Measuring trade in volume terms provides a more reliable basis for annual comparisons since volume measurements are not distorted by changes in commodity prices or currency fluctuations, as they can be when trade is measured in dollars or other currencies.

One positive development in 2009 was the absence of any major increase in trade barriers imposed by WTO members in response to the crisis.

The number of trade-restricting measures applied by governments has actually declined in recent months. However, significant slack remains in the global economy, and unemployment is likely to remain high throughout 2010 in many countries. Persistent unemployment may intensify protectionist pressures.

"During these difficult times, the multilateral trading system has once again proven its value. WTO rules and principles have assisted governments in keeping markets open and they now provide a platform from which trade can grow as the global economy improves. We see the light at the end of the tunnel and trade promises to be an important part of the recovery. But we must avoid derailing any economic revival through protectionism," said WTO Director-General Pascal Lamy.

Why was trade decline so large?

The 12% drop in the volume of world trade in 2009 was larger than most economists had predicted. This contraction also exceeded the WTO's earlier forecast of a 10% decline. World trade volumes fell on three other occasions after 1965 (—0.2% in 2001, —2% in 1982, and —7% in 1975), but none of these episodes approached the magnitude of last year's economic slide (Chart 1). Trade in current US dollar terms dropped even further than trade in volume terms (—23%), thanks in large part to falling prices of oil and other primary commodities.

Economists have suggested a number of reasons why trade declined so steeply, including the imposition of some of protectionist measures. But the consensus that has emerged centres on a sharp contraction in global demand as the primary cause. This was magnified by the product composition of the fall in demand, by the presence of global supply chains, and by the fact that the decline in trade was synchronized across countries and regions(1). The weakness in private sector demand was linked to the global recession triggered by the sub-prime mortgage crisis in the United States. What began in the US financial sector soon spread to the real economy, with global repercussions. Limited availability of trade finance also played a role.

Outgoing chair says 55pc of rules of origin agreed

The outgoing chair, Mrs Vera Thorstensen (Brazil), told the Committee on Rules of Origin on 25 March 2010 that WTO members have to date reached consensus on country-of-origin rules for 1,528 products. She said this meant 55 per cent of the work of the Committee had been completed.

Mrs Thorstensen, who was chair for six years, said that "faced with the reality of globalization and increasing multi-country production of a good, our work requires reaching an agreement on specific rules of origin for 2,739 products".

She said that despite years of hard work by the Committee since 1995, it had been necessary to seek the regular extension of its deadline for completing the work of harmonizing non-preferential rules of origin.

The outgoing chair underlined the importance of clear and harmonized rules of origin for the effective functioning of the multilateral trading system.

Mrs Thorstensen held informal consultations during the week on a number of outstanding technical issues in the work programme, including on the general procedural rule to determine how to apply sequential product-specific rules of origin in various situations as well as on minimal operations that would not confer origin, and covered products such as dried fish, freeze-dried vegetables, alcoholic beverage, and machinery.

During the meeting, the World Customs Organization presented a report on the work of the Technical Committee on Rules of Origin, including on its recent technical cooperation projects.

The Committee elected by acclamation Ms Jasmine Quah-Zubair (Singapore) as its chair for 2010. The new chair praised Mrs Thorstensen for her "unprecedented determination and great qualities of leadership" in her tenure as chair. Canada, the United States, China, Japan, the Philippines on behalf of the members of the Association of Southeast Asian Nations (ASEAN), India, Switzerland and the Republic of Korea also commended Mrs Thorstensen's leadership.

Trade prospects for 2010

Without any further upheavals in the global economy, world merchandise trade should resume its normal upward trajectory through the end of 2010, although some deviation from its previous trend line will persist indefinitely. The WTO Secretariat estimates that world exports in volume terms will grow by 9.5%, this year, while developed economies' exports will expand 7.5% and the rest of the world (developing economies plus the Commonwealth of Independent States) will advance 11%. This projection assumes a resumption of global GDP growth in line with consensus estimates (2.9% at market exchange rates), as well as stability in oil prices and exchange rates. However, unexpectedly positive or negative economic news in the coming months could necessitate a revision of the trade forecast.

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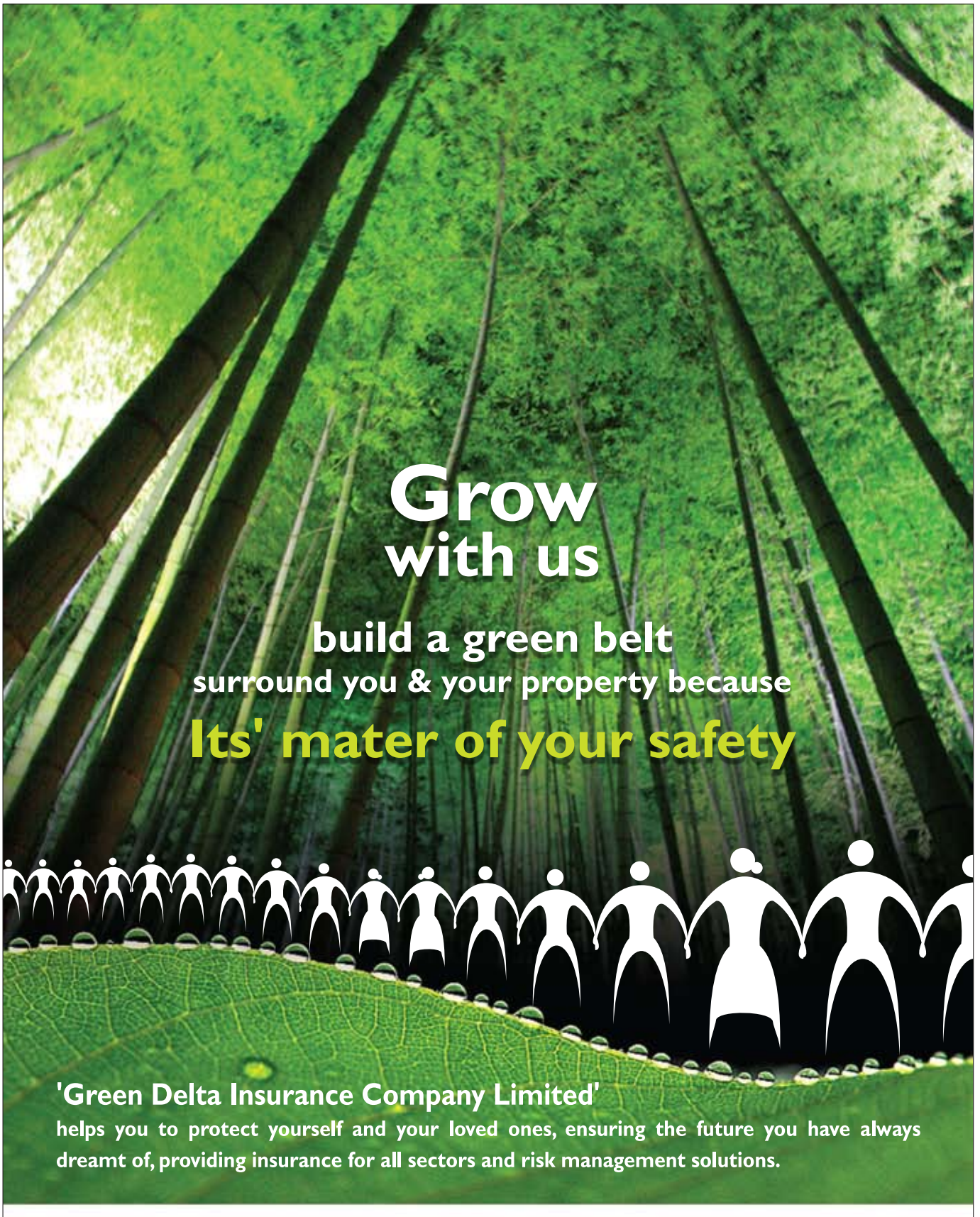
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Phone: 956 0005 (PABX), 955 7464, Fax: (880 2) 956-2345
E-mail: gdic@bol-online.com, Web: www.green-delta.com

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