ICC Bangladesh
The world business organization

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Ensure 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 establishment of Bangladesh Foreign Trade Institute (BFTI) and Development 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 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) Examination for development of professional skills of bankers and those dealing with international trade.

This year, ICC Bangladesh arranged Workshops on International Trade Fraud: Prevention, Control & Remedies in Dhaka on Februay 28 & in Chittagong on March 1, 2010. ICC Conference on Energy for Growth was also organized in Dhaka 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 576 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 BERC, Petrobangla and PDB, Business Leaders and Senior Bankers participated as Speakers.

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Editor's Note

Timely ADP implementation crucial to achieve higher GDP

The ADP for FY11 includes 21.2 percent for over all agriculture, 15.78 per cent for power and energy, 15% for communications and 24.2 per cent for human resources. The development priorities of the government is in the right direction. But, all will depend on how much resources are available and what percentage of ADP is implemented.

FY10 ADP was revised to Tk 285,000 million from Tk 305,000 million; only 68 per cent of the total sum was disbursed in first 11 months. The implementation of ADP was only 61 per cent in the last three fiscal years (FY 07 – FY 09). The Finance Minister, in his post-budget press conference, said that the government would ensure cent-per-cent implementation of FY10 ADP, which is very unlikely according to experts.

The energy sector road map aims at importing LNG within next two years through building two LNG terminals to handle import of 500 million cubic feet (MMCFD) per day. At least US$1b investment with a time frame of 4-5 years would be required for this, according to experts. Will import of 500MMCFD gas justify such costly investment, when Chevron alone just now is ready to increase gas supply by 300MMCFD if transmission facilities are available? Besides, country's existing gas fields Titas, Habiganj and Bakhrabad can also add 500MMCFD, if developed to full potential.

The plan also include setting up two 1300 MW capacity power plants with imported coal at Khulna and Chittagong. Experts opined that these will also be difficult and time consuming as Bangladesh does not have the port facilities to receive ocean going coal carriers and to store huge coal.

To diversify energy sources, Vietnam is going to set up a 600 megawatt coal fired power plant at a cost of US$1.2 b with Japanese aid which will be completed after four years in 2014. So why not Bangladesh do the same by immediate exploration of coal through open pit system for power plants as suggested by experts during ICC Conference on Energy for Growth held in Dhaka on April 13 last.

Development of infrastructure like highways, Padma bridge, elevated expressway for Dhaka, railway reforms & expansion, enhancing waterways navigability and capacity enhancement of Chittagong and Mongla Port etc. are very crucial for a sustained growth. According to analysts, GDP growth will depend largely on how soon communication projects, for which 15 % earmarked in ADP, are implemented.

Bangladesh being a riverine country has the unique opportunity to develop better and efficient water transport system, to ease the traffic congestion not only in Dhaka but also reduce pressure on the highways. Unfortunately, successive governments have failed to develop an appropriate waterway system.

FY 11 budget deficit is around 5 per cent of GDP, two percent will be met from external sources and three percent form domestic sources. The government plans to borrow two per cent of GDP from banking sources, indicating possible liquidity shortage of the commercial banks for the private sector.

The market capitalization, where the present daily trading is more than Tk.2 billion, rose to 34.2 per cent of GDP in April this year and BO (Beneficiary Accounts) have increased to more than 2.5 million. According to experts capital market could be an alternate source for the government to reduce deficit and raise the necessary fund required for infrastructure projects. Immediate divesting of shares of major SoEs, including banks, Biman, Jamuna Bridge, Railway, Padma Bridge etc. must be done. The proposed Bangladesh Infrastructure Finance Fund (BIFF) could also raise necessary capital to finance all infrastructure projects.

According to a recent study by BUET Professor Ijaz Hossain Bangladesh's energy crunch causes loss of around US $16.6 billion per year, which is about 16.6 per cent of US$100 billion GDP and higher than the total yearly export. The figure would probably be double if loss due to existing traffic jam is added.

The businesses, therefore, strongly suggest immediate open pit coal mining with setting up power plants and replacement/modernization of the existing power plants. With timely implementation of major infrastructure projects, Bangladesh could easily achieve eight percent GDP in 2012, as metioned by the Finance Minister.

As time is running out fast , there is need for more action and less talks and thinking to capitalize on the bright prospect of attracting both local and FDIs.

ICC Bangladesh News

Introduction to
ICC Conference on Energy for Growth

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	Y2012	Y2013	Y2014
Max. Demand as per PSMP	6066	6608	7148	7732	8364	9047
Max. Demand considering D S M	5566	5808	6298	6832	7414	8047
New Generation Addition		752	150	750	1175	720
Capacity Retired	-	48	148	160	62	378
Installed Capacity	5719	6423	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
Dependable Capacity (with gas crisis)	3789	4381	4455	4980	5929	6284
Max. Demand-Supply Gap (with gas crisis)	1777	1427	1843	1853	1485	1763

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

The current power generation 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 1,500 MW on hot summer days. The per capita power availability 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.

The Government has undertaken emergency plans to add more generation capacity. Each year, between now and 2014, new generation capacity will be added. Given the desire of the government to encourage private sector participation in power generation, public-private partnerships will be an important feature of many new plants.

Power generation plants have used natural gas as fuel, as the reserves of gas were previously thought to be adequate for our needs and expansion plans. Increasingly, the demand for gas is coming from the industry. The gas demand projections made in 2006 were soon found to be outdated, and new calculations were made in June 2008.

The latest demand-supply projections are summarized in the table below:

Gas Demand –Supply Projections
(in mmcfd, as of June 2008)

	Gas Supply	Daily Demand (2006)	Daily Demand (rev 2008)	Demand (2008) Supply Gap
2010-11	2,169	2,749	3,176	1,007
2011-12	2,511	3,142	3,432	921
2012-13	2,635	3,458	3,711	876
2013-14	2,942	3,587	3,838	896
2014-15	3,299	3,796	4,048	749
2015-16	3,325	4,018	4,265	940

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 Demand –Supply Projections
(in mmcfd, as of June 2008)

	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.

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 been exploited only marginally.

The estimated reserves 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. The technology is available for economic power generation, while meeting the needs of protecting the environment.

Gas (2P) Reserves & Consumption
(in tcf, 2010-2015)

Location/ Field	No. of Wells Drilled	Estimated resources	Proven in-situ reserves
Barapukuria Dinajpur Production: 0.8 m tonnes in 2008	31 (118-509m)	390	303
Khalashpir Rangpur	14 (257-483m)	685	143
Phulbari Dinajpur	108 (150-240m)	572	288
Jamalgonj, Joypurhat	10 (640-1158m)	1053	-
Dighipara Dinajpur	5 (328-407m)	600	150
Total		**3,300**	**884**

To supplement the domestic sources of energy, the Government has taken the following measures: import of power from India and the establishment of power plants based on imported coal. In addition, the Government is considering the import of LNG, as well as the establishment of a nuclear power plant.

For the private sector, this scenario poses a challenge and an opportunity. It is a challenge, in that the private sector plans for establishment of new industries will need to consider this reality. The private sector will also need to consider how to run the existing industries at full capacity, considering the shortage of energy. At the same time, this state of affairs also throws up an opportunity, where the private sector can assist the Government in adding more generation capacity directly, in helping with the exploration and exploitation of hydrocarbon resources, and in promoting the environment in which immediate investment in power generation becomes a reality.

In this backdrop, the ICC Conference on Energy for Growth was organized by ICC Bangladesh in Dhaka on April 13. The participants included the relevant stakeholders, including the Government and the business community, development partners, international organizations, potential investors and financiers from home and abroad, and experts.

The one-day Conference was structured to provide the maximum opportunities to the participants to present their perspectives, and to exchange views among themselves. After the formal Inaugural Ceremony, the Conference began with a Plenary, followed by three Breakout Sessions, and ended with a Concluding Plenary.

Brief description of the Sessions

Plenary Session

This Session set the tone for the Conference with the presentation of the demand for power and gas, and their availability; thereafter, the outline of the plan to increase availability. Afterwards, speakers were expected to outline the critical issues in respect to exploitation of alternative available hydrocarbon resources for power generation and the means and opportunities of financing these projects.

Breakout Sessions

Power Project Development

This session was planned to explore the opportunities for development of power projects. The Bangladesh experience was highlighted, along with the experience in selected countries and by companies participating. There are hurdles to be overcome for the large-scale projects being contemplated, and the solutions involving both local and foreign firms. In order to understand the requirements for their participation, the session, for example, was expected to address some key issues like:

(a) How does the rate of return required for projects in Bangladesh differ from that required in neighbouring countries; and, what can Bangladesh do to reduce the differential, if any?

(b) what measures are required to shorten the approval process and implementation lead times?

Hydrocarbon Exploitation

Bangladesh has proven reserves of hydrocarbons, particularly gas and coal. Gas exploration and development of existing gas fields have not kept pace with the increasing demand; as a result, the country faces severe shortages. One solution is to develop the other resource available in Bangladesh: coal, which has not been exploited adequately. This Session also looked at the regulatory structure that is required. Key questions that were addressed included:

(a) What type of contracts will make Bangladesh more attractive to potential investors in hydrocarbon exploitation?

(b) What will it take to make coal exploitation a reality in Bangladesh?

Financing Energy Projects

A prerequisite for a successful project is its financing. Power projects and hydrocarbon exploration programmes are capital-intensive, requiring large-scale foreign and local financing. While the global financial situation has made project financing more difficult, those providing capital will require certain conditions to be met. This session addressed some of these key concerns and requirements, in particular:

(a) Is the global financial environment of the post-2008 period more difficult for project financing?

(b) What can Bangladesh do to increase its attractiveness for project financing?

Concluding Plenary

The discussions in the Plenary and the Breakout Sessions were presented in this Session. The recommendations emerging from this Session would form the basis for follow-up in subsequent conferences.

Speakers and Panelists of ICC Conference on Energy

Inaugural Session

Welcome address by: Mr. Mahbubur Rahman, President, ICC Bangladesh

Address by: Dr. Victor K. Fung, Chairman, International Chamber of Commerce (ICC), *The world business organization*, and Adviser to Hong Kong Government on Strategic Development

Address by: H.E. Dr. Towfiq-e-Elahi Chowdhury, Bir Bikram, Adviser to the Hon'ble Prime Minister for Energy & Mineral Resources

Address by: H.E. Mr. Søren Pind, Minister for Development Cooperation of Denmark

Address by: H.E. Mr. Muhammad Faruk Khan, M.P., Minister for Commerce, Government of Bangladesh

Inaugural Address by: H.E. Mr. Abul Maal Abdul Muhith, M.P. Minister for Finance, Government of Bangladesh

Vote of thanks by: Mr. Latifur Rahman, Vice –President, ICC Bangladesh

Plenary Session

Chair: Dr. Victor K. Fung, Chairman, International Chamber of Commerce (ICC), *The world business organization*, Chairman of Li & Fung and Adviser to Hong Kong Government on Strategic Development

Speakers:

H.E.Brig. Gen. (Retd.) Enamul Haque, M.P., Minister of State, Ministry of Power, Energy & Mineral Resources

Mr. Paul J Heytens, Country Director, Asian Development Bank (ADB)

Dr. Thomas von Schwarzenberg, Chief Geologist, RWE Power International GmbH, Germany

Mr. Akira Shibuya, Corporate Executive Vice President, Marubeni Power Systems Corporation, Japan

Mr. Vinod Kumar, Executive Director, CESC Limited of RPG Enterprises, India

Mr. Tawhid Ali, Sr. Vice President & Director of Research, Alliance Bernstein Ltd. UK

Breakout Sessions

Power Project Development: Exploring the Critical Path

Chair: Syed Manzur Elahi, Chairman, Apex Adelchi Footwear Limited and Former Advisor to the Caretaker Government

Speakers:

Mr. Md. Abul Kalam Azad, Secretary, Power Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh

Ms. Ellen Goldstein, Country Director, World Bank

Mr. Toshihiro Maruo, Power Projects & Infrastructure Department, Marubeni Power Systems Corporation, Japan

Mr. Muhammed Aziz Khan, Chairman, Summit Group

Mr. Steven N. Wilson, President & Managing Director, Chevron Bangladesh

Mr. Lars Bentzon Goldschmidt, Deputy Director General, DI Confederation of Danish Industry

Panelists:

Mr. A.S.M Alamgir Kabir, Chairman, Bangladesh Power Development Board (BPDB)

Mr. Md. Fazlul Hoque, President, Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)

Mr. Munawar Misbeh Moin, Director, Rahimafrooz Group

Hydrocarbon Exploitation & Regulatory Structure

Chair: Mr. Annisul Huq, President SAARC Chamber of Commerce & Industry (SCCI) and President, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)

Speakers:

Syed Yusuf Hossain, Chairman, Bangladesh Energy Regulatory Commission (BERC)

Barrister Rafique-ul Huq, Senior Advocate, Bangladesh Supreme Court

Mr. Mohammad Mejbahuddin, Secretary, Energy Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh

Dr. Thomas von Schwarzenberg, Chief Geologist, RWE Power International, GmbH, Germany

Mr. Jeff Jamieson, Mining Expert, Australia

Mr. Li Guohua,Vice President,CMC, China

Panelists:

Mr. M. Fazlul Azim, M.P. Chairman & Managing Director, GK garments Ltd.

Prof. Dr. Md. Hossain Monsur, Chairman, Petrobangla

Mr. Salahuddin Ahmed, CEO, KAFCO and Former Attorney General of Bangladesh

Mr. Ajmalul Hossain, QC, Senior Advocate of Bangladesh Supreme Court

Mr. A.M.Hamim Rahmatullah, President, FICCI and Managing Director, Singer Bangladesh Ltd.

Mr. Philip Dolan ,General Manager, Bangladesh Cairn Energy Sangu Field Limited

Financing Power/Energy Projects

Chair: Mr. Muhammad A. (Rumee) Ali, Chairman of BRAC Bank and Managing Director of BRAC Enterprises and Vice Chairman of Bangladesh Association of Banks (BAB)

Speakers:

Mr. Marcel Ivison, Director, Credit Suisse, Singapore

Mr. Mamun Rashid, Managing Director and CCO, Bangladesh Citibank NA

Dr. Takao Toda, Chief Representative, Japan International Cooperation Agency (JICA), Bangladesh

Mr. M Anis Ud Dowla, President, Metropolitan Chamber of Commerce & Industry (MCCI), Dhaka and Chairman of ACI

Mr. Anders Hasselager, Senior Policy Adviser, Danish Energy Agency, Ministry of Climate and Energy

Panelists:

Dr. Fouzul Kabir Khan, Former Secretary of Power, Bangladesh Government and former CEO of Infrastructure Development Company Ltd. (IDCOL)

Mr. Abul Kasem Khan, President, The Dhaka Chamber of Commerce & Industry (DCCI) and Director, A.K.Khan Group

Mr. Anis A. Khan, Managing Director, Mutual Trust Bank Ltd.

Finance Minister inaugurates ICC Energy Conference
Muhith apprehends long-term impact of energy crisis

Finance Minister Abul Maal Abdul Muhith, M.P. observed that the energy crisis is critical and has far-reaching impacts. In his inaugural address, he described inadequacy of gas as a major cause for the existing power crisis, and said the country could generate more electricity if supply of gas was smooth. "We can increase power generation by 500 megawatts in a day if we have adequate supply of gas," the Finance Minister said.

The Conference was arranged by ICC Bangladesh coinciding with ICC's 15 years of active presence in Bangladesh. Minister for Finance of Bangladesh Abul Maal Abdul Muhith, M.P. was the Chief Guest at the inaugural session, which was also addressed by Commerce Minister of Bangladesh Muhammad Faruk Khan, M.P, Minister for Development Cooperation of Denmark Søren Pind, Adviser to the Prime Minister for Energy and Mineral Resources Dr. Tawfiq-e-Elahi Chowdhury, Bir Bikram and ICC Chairman and Adviser to Hong Kong Government on Strategic Development Dr. Victor K. Fung.

More than 700 business persons from home and abroad of whom 576 were registered delegates attended the Conference. 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 BERC (Bangladesh Energy Regulatory Commission), Petrobangla (Bangladesh Oil, Gas and Mineral Corporation) and PDB (Power Development Board), Business Leaders and Senior Bankers participated as Speakers.

Finance Minister added that there is not much time to waste. He informed that the government during last one year approved US $ 1 billion worth of projects in power sector but it takes time to materialize the projects. The government is also taking more steps to invest in energy generation and in expanding the resource base by looking at prospects of coal and gas. He asked for patience and hope that Bangladesh would solve this crisis with the help of the private sector and the world community.



Finance Minister A.M.A. Muhith (centre) inaugurates the ICC Conference on Energy for Growth. ICC Chairman Victor K. Fung (3rd from left), Commerce Minister Muhammad Faruk Khan (3rd from right), ICCB President Mahbubur Rahman (2nd from left), Adviser to the Prime Minister Dr. Tawfiq-e-Elahi Chowdhury (2nd from right), Minister for Development Cooperation of Denmark Søren Pind (extreme right) and ICCB Vice President Latifur Rahman (extreme left) are also seen in the picture

In response to reference to the Philippines, which could solve its acute power crisis within a span of two years, the Finance Minister said the Southeast Asian nation could quicken power generation by avoiding bidding process, which was not possible in Bangladesh, and also termed corruption and nepotism as some barriers.

The Finance Minister thanked ICC Bangladesh President for organizing the Conference and hoped that deliberations during the day-long event will help Bangladesh in developing its strategy for overcoming the energy crisis.

ICC Bangladesh President Mahbubur Rahman in his welcome address extended warmest welcome to all the guests to the ICC Conference on Energy for Growth. "It is our particular pleasure to have the gracious company of the Honourable Finance Minister, Commerce Minister, Energy Adviser, visiting Danish Minister and the ICC Global Chairman at this vital conference of ours", he added. He mentioned that the Conference on this vital issue has been arranged coinciding with 15 years of ICC's active existence in Bangladesh.

Mahbubur Rahman in his address said that energy is a vital ingredient to economic growth. Per capita power consumppion is one of the lowest in Bangladesh -only 183 kilowatt hours, said Mahbubur Rahman. Forty seven per cent of our population of one hundred and fifty million has access to electricity but even that is irregular in supply. Despite all hurdles growth of the manufacturing sector reached the double digits. The country is now poised for a take off stage with manufacturing leading the way. An unexpected hindrance has now appeared on the scene - the shortage of electricity or other sources of energy. Future investment in manufacturing will be discouraged while existing

industries may face difficulty in smooth operation unless energy is made available. The government also have plan for power generation of nine thousand two hundred and seventy six megawatt to be added to the national grid by 2015. Of which four thousand five hundred and twenty six megawatt would come from the private sector plants, Mahbubur Rahman observed.

He further said that there is no time to lose. "The government must device a fast track approach to achieve this target. For the private sector it will be a stupendous challenge to fulfill the target set for it. While we welcome these plans we also add a word of caution that in the first two years new generation capacity will only meet the short fall that currently exists. It is not clear how new industrial units set up within the next two years or existing ones increasing their capacity will get power. We shall have to face an uphill task to achieve the 6.6 per cent growth target projected for the coming fiscal", said ICCB President.



Partial view of the ICC Conference on Energy for Growth

"Until recently we were quite complacent that our gas reserves were adequate meeting our needs for some time. Now when we find severe power shortages we also learn that our known and probable reserve of gas will meet our needs for just over a decade. We must aggressively explore for gas both onshore and offshore on an emergent basis. We do hope and would like to see that another natural resource for power generation is coal should be exploited. Large deposits of thermal quality coal have been found but were exploited only marginally. The estimated reserves are close to 3300 million tonnes while the probable reserve is about 884 million tonnes. Given the experience of the countries around the globe there is a strong justification for use of local coal for power generation. Technology is also available for a cost effective coal based power generation while protecting the environment. Fuel oil can help in the short term while imported coal arranged in a nuclear power can be options for a longer term", Mahbubur Rahman observed.

ICCB President concluded saying that the business community strongly felt that the public spending and investment in power generation and hydrocarbon exploration should now be taken up on a war footing and meaningful participation of the private sector should be encouraged in a frame work that is realistic. By holding this conference ICC Bangladesh is able to take the country a step forward to address this issue. He considers this as one of the success in achieving the next stage of power generation for growth and development.

ICC Global Chairman and Adviser to the Hong Kong Government on Strategic Development Dr. Victor K. Fung in his address lauded the role of ICC Bangladesh as a very important member of a global ICC community and said that ICC Bangladesh has played invaluable role in promoting international trade in the region and in addressing major business and economic issues in home country such as energy for growth, the topic of today's conference.

He observed that Bangladesh faces many challenges but thanks to the resilience of the Bangladeshi people and the dynamism of its business community and entrepreneurs the country is managing to continue its impressive annual growth rate of 5 to 6 per cent. This figure was maintained even in the difficult period of 2008 and 2009 when we had the global economic crisis. Given Bangladesh's considerable economic dependence on the global market as exports of garments together account for over 25 per cent of GDP it follows that the country's future prospects depends both on external forces and on internal issues of competitiveness.

Although, Bangladesh is to be congratulated for its resilience and steady growth, its future prospects and the well being of its 160 million people depend on maintaining and enhancing an open global market for goods, capital and people. As stated by ICCB President Bangladesh's power crisis represents a major impediment to growth, to competitiveness and also to social development, he said.

Dr. Fung further said that while Bangladesh has developed considerable competitiveness and earned significant sums from export earnings in garments, in knit wear, in leather, in ceramics and other sectors, the backbone of Bangladeshi industry, both competitiveness and earnings are being hampered by power failures and constraints. The negative consequences of production crisis and constrains in transmission in

the gas system have extended to power generation, fertilizer production and the functioning of industries. Furthermore, a significant proportion of the population is not at the moment under power supply coverage. So in terms of human capital development this is clearly a problem, as the children living in darkness are prevented from studying properly preparing for examinations and developing their skills for gaining adequate incomes in this increasingly competitive global market economy, Fung said.

ICC Chairman termed this conference on Energy for Growth as vitally important and timely. He hoped that under the leadership of ICC Bangladesh the community as a whole, not only the business community, will be able to find some immediate and practical solutions to this important issue. He wished the conference a success and hoped that Bangladesh will realize its true economic growth potential and will be able to revert to a very rapid growth track very soon.

Adviser to the Prime Minister for Power, Energy & Mineral Resources Dr. Tawfiq-e-Elahi Chowdhury, Bir Bikram in his address said that by some estimate we lose about 1 or 2 percent of our GDP because of the constraint that the scarcity of energy and power has put on the economy. That involves a large amount of forgone GDP, forgone employment and all the other benefits that come along with that. Everybody is aware of the severe crisis that we are going through. Dr Tawfiq - e - Elahi Chowdhury said the government is working to diversify the energy sources, taking into consideration the use of coal, gas and liquefied petroleum gas. The adviser said power tariff in the country is one of the lowest in the world and the industries here are not energy-efficient.

He said “the Prime Minister in her manifesto before the nation not only recognized the scarcity and crisis we are heading in, but also put forward the nation a strategic vision of Bangladesh including for the power sector. We have before us a 2021 vision to take Bangladesh to a middle income country. We would be able to meet the basic needs of the people and that involve ensuring power and energy both for consumption and for productive activities in the country”.

He further informed that the Prime Minister has signed an MOU with neighbouring country India for trade in power. Hopefully, in the short and medium term Bangladesh will be importing power from India. Discussions with Nepal and Bhutan to open up and start trading power are under process as well as efforts under way to develop a relationship with Myanmar, he mentioned.

The Adviser expected that both the private and public sector would work together to overcome the crisis. He endorsed the view of ICCB President and said that half of the future energy would come from the private sector. He added that there is frame work for private investment. The independent power policy lays the incentive for private investment in power and production sharing contract the mechanism for driving investment in gas and oil. “We are yet to find out a frame work for the investment in coal but coal is a major challenge for us. So we are yet to finalize our policy frame work for extraction of coal which we hope to do quickly”, he mentioned.

He disclosed that the government is planning to establish an energy and power fund because huge investment, roughly estimated to about 10 billion dollars would be needed for power sector in the next 5 years; both in the public and private sector. With some seed capital from the government it will be able to attract the nonresident Bangladeshis to invest in that particular fund. If they do then that fund would grow very soon and we will be able to contribute to the private sector proposals with some fund from the government so that they can leverage and go ahead to raise rest of the financing from the international market, Adviser said.



ICCB President Mahbubur Rahman presenting a memento to Danish Minister for Development Cooperation Søren Pind

Minister for Development Cooperation of Denmark Mr. Søren Pind said that energy is considered to be one of the important prerequisite for enhancing and securing growth of economy and social development of any country. With rapid population growth, urbanization and increasing industrialization demand for energy is growing day by day in Bangladesh. Unfortunately, the development and expansion of energy and power sector has over the years been problematic and slow. In this backdrop this energy conference is indeed a timely and relevant initiative to identify and

discuss key challenges and ways forward for the energy and power sector in this country, the Minister observed.

The Danish Minister was happy to note that the Bangladesh government has drawn up an ambitious plan to increase power generation and to speed up exploration and exploitation of gas and coal. Furthermore, government is trying hard to promote public-private partnership in the energy and power sector. He referred to his visit to one of the most successful public-private partnership place in the country KAFCO which is also the biggest and most efficient fertilizer factory in Bangladesh. This is a partnership between the Government of Bangladesh and private investors from several countries including Denmark. KAFCO has plans to expand its production and is willing to invest in new and large factory, but the main problem however is to secure gas and energy. And without sufficient guarantees the investment will not be made. This example very well illustrates the need for solving the energy crisis in Bangladesh in order to attract investment and secure growth. Government is responsible for creating an environment and regulatory framework for good performance of public and private service providers in the energy and power sector. But it is also important that the public and private services providers are capable of delivering a very reliable and cost effective service, he said.

He was pleased to learn that the government of Bangladesh is committed to broadening the energy mix instead of relying so heavily on gas and petroleum products. He informed that in the 70s Denmark was like many other countries, hit by one of the worst energy crisis in the history. Cars were not to drive about in weekends and factories were closed. At that time Denmark was fully dependent on import of oil and gas from abroad and realized to change the energy production and use of energy. They had to promote their own energy resources in a sustainable manner. As a result, Denmark today is world leader in energy, especially renewable energy, energy efficiency. Since the 70s Denmark experienced close to 80 per cent economic growth without any significant growth in energy consumption and CO2 emissions. More than 20 per cent of energy consumption today is produced by renewable energies. The vision of the Danish Government is to make the society 100 per cent independent of fossil fuels.

The Danish Minister also informed that a Danish business delegation focusing on energy and clean technology is visiting Bangladesh. They met a number of Bangladeshi energy related companies and visited power plants in order to explore options for business cooperation in the energy and environment sectors. He was confident that by combining Danish know how and experience within the energy sector with Bangladeshi needs and local knowledge, will be able to create progress to the benefit of Bangladesh and to business. Denmark has business oriented instruments like business to business programme that supports transfer of know-how from Denmark to Bangladesh and the mixed credit programme which provides soft loans for infrastructure investments.

Minister for Commerce of Bangladesh Mr. Muhammad Faruk Khan, M.P. congratulated ICC Bangladesh for providing 15 years of meritorious services to the nation. He confessed about the power crisis in the country which disturbs the production and make difficult to meet the export target. But at the same time he expressed confidence on the businessmen anywhere in the world because they are the courageous and intelligent people of a nation. So they are in Bangladesh and hopefully they would find out ways to overcome the crisis. He hoped by the end of next year (2011) there will be enough power to mitigate the sufferings; but at the same time we need a lot of gas and Bangladesh has gas reserves both off-shore and on-shore. Commerce Minister informed that the government has already given out three off-shore blocks and is going to sign contracts very soon. He expected that in the next three to five-year term these blocks should be operative. He added that the government is also contemplating to go for the bidding of the on-shore blocks. As a result great opportunities would be there for the businessmen to come in the gas explorations. He invited the businessmen from home and abroad to come forward and invest in Bangladesh.

ICC Bangladesh Vice President Latifur Rahman offered vote of thanks. He offered special thanks to the Finance Minister Abul Maal Abdul Muhit M.P., for gracing the occasion as chief guest and for his articulated speech which reveals his commitment to development and support to the programme for energy. He also offered thanks to Commerce Minister Muhammad Faruk Khan M.P., Adviser to the Prime Minister for Power, Energy and Mineral Resources Dr. Tawfiq-e-Elahi Chowdhury, Bir Bikram, Minister for Development Cooperation of Denmark Søren Pind and ICC global Chairman Dr. Victor K. Fung.

He also thanked the delegates from home and abroad attending the conference, including 576 registered participants from, private and public entities, banks, insurance companies, business leaders and government officials.

In this occasion Latifur Rahman said that this conference is just a beginning of a process in which ICC Bangladesh will continue its engagement with the government and the private sector in enhancing the energy capabilities of

Bangladesh. ICCB also acknowledges profound thanks for the guidance provided by the members of the Executive Board of ICC Bangladesh. He offered thanks for the whole hearted cooperation and advice received from Mr. ASM Kasem, Mr. Rashed Maksud Khan as well as Ambassador Dr. Taufiq Ali in developing the concept for the conference and providing continuous support and guidance. He acknowledged the support of sponsorship by BRAC Bank, IFC BIFC, Khulna Power Company Ltd., Prime Bank and Square Pharmaceuticals, as well as 61 other companies who have come forward to help organize this event. He put on record, appreciation for the staff of ICC Bangladesh National Secretariat led by its Secretary General and also the Dhaka Chamber of Commerce who have given tremendous support in this occasion. A very special thanks was offered to the electronic and print media who have always been extremely supportive of all the ICCB programmes.



ICC Chairman Dr. Victor K. Fung presenting a memento to ICCB President Mahbubur Rahman on the occasion of 15th year of ICC's presence in Bangladesh

Finally, he offered the highest tribute to ICC Bangladesh President Mahbubur Rahman, without whom it would not have been possible to conclude this important event, for his unwavering commitment and inspirational leadership from the very inception of ICCB, 15 years back, singularly responsible for bringing up ICCB to do both within the country and in the global arena of ICC.

Before conclusion of the inaugural session ICC Mementos were presented to the Chief Guest and the Special Guests. ICC Chairman also presented Memento to ICC Bangladesh on the occasion of its 15th years celebration.

Minister suggests integration of power infrastructure

The Plenary Session, chaired by ICC Chairman Dr. Victor K. Fung was addressed by Brig. Gen. (Retd.) Enamul Haque, M.P., Minister of State for Power, Energy & Mineral Resources, Government of Bangladesh, Mr. Paul J Heytens, Country Director, Asian Development Bank (ADB), Dr. Thomas Von Schwarzenberg, Chief Geologist, RWE Power Inter- national GmbH, Germany, Mr. Vinod Kumar, Executive Director, CESC Limited of RPG Enterprises, India and Mr. Tawhid Ali, Sr. Vice President & Director of Research, Alliance Bernstein Ltd.

Outlining the government's plan for developing the country's rickety power infrastructure, State Minister for Power Brig. Gen. (Retd.) Enamul Haque, M.P., in his keynote speech underscored the need for addressing the problem holistically by integrating the available resources. Besides, developing the regional grid to exchange electricity with the neighbouring countries, which have high prospect in different types of power projects, is also imperative to solve the crisis, he said.

"We are emphasising solution to the energy and power crisis at regional and sub-regional level considering the fact that we are living in a global village. We can't move without the help of others," Haque added.

He said additional 9,000 megawatts (MW) electricity will be required to be produced within the next five years under short, medium and long term plans, out of which more than 5,000MW would be produced under the private sector.

The total generation addition in 2015 will be 9,426MW and the new addition will be made through implementation of more than 50 projects under fast track, short, medium and long-term plans, he said, adding that the primary fuel for the projects would be liquid fuel, gas and coal. "We've about three billion tonnes of estimated proven coal reserve in five coal fields and we're seriously thinking about the extraction of the indigenous coal and its use for power generation," he said.

Enamul Haque said initiatives have also been taken to establish LNG terminals for importing LNG vis-à-vis the efforts for increasing gas exploration. He called upon the private investors to join hands with the government for the development of renewable energy side by side contribution in the conventional energy.

The Country Director of the Asian Development Bank (ADB) Paul J Heytens said the current situation calls for measures in the short-term to rapidly close the gas supply and

power generation gaps that also lay the foundation for long-term development of the sector, through better integration of power and gas policy, planning and investment. He said the ADB is keen on assisting Bangladesh in setting up more new plants and expanding transmission and distribution networks. "Over the next four years, Asian Development Bank plans to provide over $900 million in financial support through its public sector window for the power and energy sectors," Heytens said. Referring to investment road shows, he outlined the key lessons i.e. exploit opportunities for cross-border power trade; privatize power supply to industrial plants; review terms of reference for foreign investors (FDI); set up energy regulatory commission with pro-active policy stance; strengthen institutional development for REB, PDB and so on.



Minister of State for Power, Energy and Mineral Resources Brig. Gen. (Retd.) Enamul Haque, M.P. delivering keynote speech at the plenary session

On reform, ADB Country Director said, although substantial steps have been under taken over the past ten years there is still a long and unfulfilled agenda. For example, further corporate and financial restructuring, reducing outstanding dues from the government to sector entities, progressive power and tariff adjustments and ensuring efficient management of corporatized power entities are critical to face the imminent challenges.

In addition, the Bangladesh Energy Regulatory Commission must be empowered to take the lead of making timely adjustments in gas and power crisis and financial restructuring plans of government agencies should be advanced. Price reform and financial restructuring needs to go beyond meeting only the operating cash needs of entities and to also encompass infrastructure investment requirements. Institutional development is also essential for urban distributors and rural electric cooperatives. Further restructuring of key sector entities such as the Bangladesh Power Development Board, Rural Electrification Board & Petrobangla is also required. More competitive compensation packages to recruit and retain qualified professionals in key sectors and entities are also essential, he added.

Chief Geologist of RWE Power International GmbH, Germany Dr.Thomas von Schwarzenberg introduced RWE as a major energy producer in the European Union. It has long experience in handling coal mines as energy resources. In the 19th century, coal was the motto of industrial revolution in Europe. Moreover, Germany owes its economic rebuilding after the 2nd World war among other things to the indigenous coal. The German phrase “Taking the cow off the ice” is used in a tricky situation similar to the development of Bangladesh coal that needs to be solved.

He mentioned that Bangladesh needs a modern and safe mining and environmental technology to develop coal exploitation in due time. For more than a hundred years, open pit coal mines have been operated around the world including Germany. This technique has been proven to be acceptable by mining authorities and environmental institutions. However, technology is only good, if it is managed responsibly. That is why, here in Bangladesh and elsewhere in the world permanent state control is required to ensure that all mining activities comply with the statutory rules. Bangladesh should have a mining authority for this purpose. Developed mining countries including Germany can lend assistance regarding training and institutional strengthening of the mining authority, he said.

Bangladesh has a rich deposit of coal. However, the appropriate legal framework to manage mining activities is absent, because Bangladesh lacks mining laws. The biggest problem in coal mining is the mobilization of support of the local population. These people need to be properly rehabilitated and given employment opportunities. One option is to provide financial support from the mining proceeds to the local municipalities so that they can handle the rehabilitation and employment generation for the affected population, Dr.Thomas said.

Executive Director of CESC Limited of India Vinod Kumar mentioned about the experience of CESC in providing energy to Kolkata. Coal is the basis for base load while gas is the basis for peak load generation. Bangladesh can likewise use coal for base load and gas for peak load. He said that the participation of the private sector critically depends on the government’s active involvement with a schedule of implementation, not merely a policy framework.

In particular, the government needs to identify the location of the energy generation project (say in coal mining areas) and hand over the land to the private party. This is because the private party finds it nearly impossible to take control over the land. He suggested that Government should identify location, acquire and hand over land to the private investor; reform of the distribution of energy that still remains under government monopoly. Besides, rehabilitation and resettlement issues must be addressed first. The tariff structure should make the mining, energy generation, and distribution sustainable; the developers should not rush into hasty returns by charging excessive tariffs; and the financial sector needs to be flexible about the paperwork. If the government stands by the private developers, the financial sector can adopt a pro-energy policy with flexible options for financing.

Director of Research of Alliance Bernstein Mr. Towhid Ali's key point is that energy prices in Bangladesh cannot be insulated from the global energy market. The policymakers need to recognize this and reform the pricing structure in view of the global energy price trends.

ICC Chairman Victor K. Fung in his concluding remarks emphasized the need for private sector participation, including a robust framework for PPP and liberalization and reforms.

Simplified tender policy of power projects emphasized

Chaired by Syed Manzur Elahi, Chairman, Apex Adelchi Footwear Limited and Former Advisor to the Caretaker Government, the speakers at this breakout session on 'Power Project Development: Exploring the Critical Path' were Mr. Md. Abul Kalam Azad, Secretary, Power Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh; Ms. Ellen Goldstein, Country Director, World Bank; Mr. Toshihiro Maruo, Power Projects & Infrastructure Department, Marubeni Power Systems Corporation, Japan; Mr. Muhammed Aziz Khan, Chairman, Summit Group; Mr. Steven N. Wilson, President & Managing Director, Chevron Bangladesh; Mr. Lars Bentzon Goldschmidt, Deputy Director General, DI Confederation of Danish Industry; Mr. A.S.M Alamgir Kabir, Chairman, Bangladesh Power Development Board (BPDB); Mr. Md. Fazlul Hoque, President, Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA) and Mr. Munawar Misbeh Moin, Director, Rahimafrooz Group. The speakers recommended, among other things, setting up more rental power plants, long term supply agreements with investors, adequate incentives for them, upward revision of tariff, and a strong political will for achieving energy security.

The proposals for setting up independent power plants should



The Breakout Session on Power Project Development: Exploring the critical path is in progress. The session was chaired by Syed Manzur Elahi (centre)

be quickly and efficiently evaluated. "Tender process must be simplified and made transparent within a specified timeframe, to enhance attractiveness of the sector to foreign investors", was also suggested. The government should bring all the energy projects under a single committee to accelerate implementation, said experts. A power project, public or private, needs to hurdle over at least five major committees for getting approval, which sometimes takes years under the existing process, they said.

It was observed that a successful large power procurement accumulating the government's earlier success with Haripur and Meghnaghat is the next step. Meeting the requirements of the private actors and financers will be a solid demonstration of achievement. So in spite of the long standing problems afflicting the energy sector, Bangladesh's economy has been growing around 6% per year for the past decade and this has contributed to the significant power body reduction and progress in meeting the millennium development goals. But many factors will determine Bangladesh's ability to now accelerate growth to the 8% that is needed to reduce poverty sufficiently and to reach middle income status by 2021 as per government's objectives. But it is really no exaggeration to say that solving this energy crisis in the long run is among the most essential pre-requisites to accelerate in this growth, the experts observed. Syed Manzur Elahi, said the country has made a 40 percent demand-supply gap of power over the last 20 years. "One or two committees are enough for a project approval," Elahi said.

Future of energy lies in coal: open pit mining a must

The session on Hydrocarbon Exploitation & Regulatory Structure was Chaired by Mr. Annisul Huq, President SAARC Chamber of Commerce & Industry (SCCI) and President, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). Speakers in this session were : Syed Yusuf Hossain, Chairman, Bangladesh Energy Regulatory Commission (BERC), Barrister Rafique-ul Huq, Senior Advocate, Bangladesh Supreme Court, Mr. Mohammad Mejbahuddin, Secretary, Energy Division, Ministry of Power, Energy and Mineral Resources, Dr. Thomas von Schwarzenberg, Chief Geologist, RWE Power International, GmbH, Germany, Mr. Jeff Jamieson, Mining Expert, Australia, Mr. Li Guohua, Vice President, CMC, China, Mr. M. Fazlul Azim, M.P. Chairman & Managing Director of GK garments Ltd., Prof. Dr. Md. Hossain Monsur, Chairman, Petrobangla, Mr. Salahuddin Ahmed, CEO, KAFCO and Former Attorney General of Bangladesh and Mr. A.M.Hamim Rahmatullah, President, FICCI and Managing Director, Singer Bangladesh Ltd.

The experts in this session recommended open-pit coal mining for Bangladesh and urged the government to ease up the bidding and purchasing mechanism in the power sector to encourage private investment. A mining authority could be set up to deal with the rehabilitation and relocation of affected people and to ensure accountability and transparency, it added.

The recommendation for open-pit mining was however somewhat guarded saying, "In terms of coal mining, it was recommended that the open-pit method should be followed wherever feasible. Any decision should take into account the issue of socio-economic context (rehabilitating the affected people) and loss of agriculture lands. Possible resistance against open-pit mining should be handled proactively." Bangladesh should immediately start modern, safe, and environment - friendly extraction of coal from Barapukuria and Phulbari mines within the framework of a robust coal policy, the experts added. There should be one mine in the whole area and one outside dump instead of two as it will spoil land, they recommended.

A half of the 30,000 megawatt power generation target by 2020 have to be achieved through coal-powered plants, included the list of recommendations.

Both the government and the private sector should act proactively towards developing a mechanism to track forecasts and projections with regard to prices of commodities such as gas, LNG, and coal in the future, it said.

It was also recommended to have a master-plan for Barapukuria and Fulbaria coal mine development. This mine development should not hamper the immediate start of coal mining, suggested the experts.

The Chairman in his concluding remarks said, “we need another two thousand megawatt and we need duel fuel. We have problems but we also know the solutions. We are sitting on a gold mine which is coal. And from the presentation, we can see it is not a big problem to have open pit or open cut mining. All over the world, as we see from the experts opinon, the majority are doing this. So it’s a time to decide, time to use and time to act. We are sure that the government machinery, everybody is trying and working but ultimately what you get? What is the result? What is the last line? When do we get it? Do we have to sit another one year? Or we have to sit another five years? But people are getting impatience. So it’s a time for the government who I am sure is trying a lot as we are seeing that the government machineries, the top bureaucrats, the ministers everyday every morning wherever there is seminar they are coming and talking giving us assurances. We want those assurances to be in result very soon.”



The Breakout Session on Hydrocarbon Exploitation and Regulatory Structure presided over by FBCCI President Annisul Huq (centre)

Financing of Power & Energy Projects; Higher rate of return witnessed in Bangladesh

The Financing Power/Energy Projects Session was chaired by Mr. Muhammad A. (Rumee) Ali, Chairman of BRAC Bank and Managing Director of BRAC Enterprises and Vice Chairman of Bangladesh Association of Banks (BAB). Speakers in this session were: Mr. Marcel Ivison, Director, Credit Suisse, Singapore; Mr. Mamun Rashid, Managing Director and CCO, Bangladesh Citibank NA; Mr. M Anis Ud Dowla, President, Metropolitan Chamber of Commerce & Industry (MCCI) Dhaka and Chairman of ACI;



The Breakout Session on Financing Power/Energy Projects presided over by BRAC Bank Chairman Muhammad A. (Rumee) Ali is in progress

Mr. Anders Hasselager, Senior Policy Adviser, Danish Energy Agency, Ministry of Climate and Energy; Dr. Fouzul Kabir Khan, Former Secretary of Power, Bangladesh Government and Former CEO of Infrastructure Development Company Ltd. (IDCOL); Mr. Abul Kasem Khan, President, The Dhaka Chamber of Commerce & Industry (DCCI) and Director, A.K. Khan Group and Mr. Anis A. Khan, Managing Director, Mutual Trust Bank Ltd.

Mr. Rumee Ali in his opening remarks observed that in view of the recent sovereign credit rating of Bangladesh by world famous rating agencies (S&P, MOODY's), now it is time to identify the factors that would attract financing for the projects.

It was observed that capital is attracted to energy projects if GDP is growing well, regulatory framework is improving, market is developing for energy. According to global comparative studies for emerging market rates of return on investment ranges from 10% to 25%. Bangladesh falls around 20%, so return-wise, it is at the high bracket. The risk factors however lie with the transparency of agreements, tariff structure, fuel supply, regulatory and legal framework, political risk, etc, the expert cautioned.

"More companies will come with their investments if the government makes necessary legislative changes in the mechanism of purchasing power from the private sector," it was observed .

It was also suggested to normalize tariff and raise energy prices to make energy investments rewarding. Restructure and corporatize distribution outfits like DESA & DESCO, Make credible government commitment to reduce political risk, such as by paying risk premium for insurance against political risk and make the public procurement system transparent, the experts observed.

It was pointed out that investors were shy about developing project proposals. However, the projects that were brought to the market were all financed. The problem, therefore is not of finance but of entrepreneurs not seeing opportunities for investment projects.

Diversification was identified as a major issue. Adopting coal for base load and gas for peak load was suggested as one option to meet energy requirement. As the government to government model has not been very fruitful, it was to rely on the private sector and induce it to come forward.

In view of the positive sovereign credit rating, the government needs to do some housekeeping to sort out the things and attract the fund flows, develop national coal policy, develop framework for LNG based energy, increase government budget allocation for energy to Tk. 100,000 million, reform tariff structure, energize the capital market, SEC, DSE with pro-business orientation and find ways to mobilize funds from Non-Resident Bangladeshis (NRB) were also suggested.

Concluding Plenary Session

The concluding plenary session was presided over by Mr. Mahbubur Rahman, President, ICC Bangladesh. Dr. Tawfiq- e - Elahi Chowdhury, Adviser to the Prime Minister for Power, Energy and Mineral Resources was present as the Chief Guest. The summary of the discussions in the three breakout sessions was presented in this session.

On the basis of the deliberations in three breakout sessions a set of recommendations were adopted in concluding plenary session, which was also presented during a Press Conference, held immediately after the concluding session.



ICCB President Mahbubur Rahman seen briefing the Media after the closing of ICC Conference on Energy. Also seen in the picture from left to right are Syed Manzur Elahi, Dr. Victor K. Fung, Dr. Tawfiq-e-Elahi Chowdhury and Latifur Rahman

Recommendations of ICC Conference on Energy for accelarated growth

The Bangladesh economy has been growing at about six percent annually over the last few years. Overcoming all hurdles, the growth of the manufacturing sector even reached the double digit. The country is now poised for a take-off stage, with manufacturing leading the way. An unexpected hurdle has now appeared on the scene – that of shortage of energy.

Future investment in manufacturing will be discouraged, while existing industries may face difficulty in smooth operation, unless energy is available. The energy crunch is hitting us at a particularly critical period of our development. Currently around 1-2 percent of our GDP is lost due to power crisis.

The Government has drawn up plans for power generation. 9,276 MW of electricity is planned to be added to the national grid by 2015, of which 4,526 MW would come from private sector plants. For the private sector, it will be a challenge to fulfill the target set for it. The Government initiative requires an investment of $10 billion in the next 5 years.

Both Philippines and Denmark went through similar power crisis, but were able to overcome their crisis through a systematic change in power generation.

A brief account of the discussions in the sessions is presented below.

- Liquid oil based power plants can reduce the power crisis in the short-term, while coal can be used to meet the medium to long term demand.
- Bangladesh needs immediately, modern, safe and environment- friendly extraction of coal from Barapukuria and Phulbari mines, within a robust Coal Policy.
- The issue of relocation and rehabilitation of the affected population due to mining and exploration is vital and all actions in this context must be in compliance with legal system to bring confidence among the local people. With a view to ensuring accountability and transparency, setting up a mining authority could be considered.
- A more balanced fuel-mix is vital for Bangladesh to address the issue of energy security.
- Both the government and the private sector should act pro-actively towards developing a mechanism to track forecasts and projections with regard to prices of commodities (gas, LNG, coal) in the future. This is considered to be of critical importance towards designing medium-to-long term strategies in the context of sustainable energy security.
- The private sector developers should ensure operational efficiency, meaning that Distribution reform should go hand in hand and run parallel with Generation reform. While the investors will be mainly earning their revenue from distribution, they should not look for hasty profits.
- A number of rental power plants will need to be established to reduce the demand-supply gap.
- In order to achieve a power generation of 30,000 MW by 2020, half of this will need to be generated from coal powered plants.
- The Government is providing sovereign guarantee and attractive incentive packages to the private sector. In addition, the GoB/BPDB is also willing to provide sites for setting up power plants by the private sector. In this backdrop, financial institutions need to simplify their existing complex project financing process to encourage investment in power generation. Procurement process and other approval process during operation will also need to be simplified.
- To rationalize tariff, government is planning a 12 per cent annual growth in tariff until 2013. The government must take into account the interest of all stakeholders in taking any such measures.
- The IPP proposals should be quickly and efficiently evaluated. For this, tender process must be simplified and made transparent, within a specified timeframe, to enhance attractiveness of the sector to the foreign investors.
- The GoB should make necessary legislative changes in the power purchasing mechanism from the private sector.
- Empower the BERC to be able to set benchmark prices, in consultation with other stakeholders (businesses, experts, academicians, etc).
- In terms of coal mining, it was recommended that the open-pit method should be followed wherever feasible. Any decision should take into account the issue of socio-economic context (rehabilitating the affected people) and loss of agricultural lands. Possible resistance against open-pit mining should be handled pro-actively.
- Investors are attracted to the emerging markets by high GDP growth rates; Bangladesh is attractive now. However, there are risk factors, such as transparency of agreements, tariff structure, fuel supply, regulatory and legal framework, political risk, etc.
- Size of the project, offtake agreement, environmental protection, revision of tariff structure were identified as the most important issues for financing in the power sector.
- Currently, the return from financing a project in Bangladesh is around 20-25%, which is significantly higher than that of other comparable countries.
- We have a long gestation period in awarding power projects to interested parties. Long term finance is of a shorter tenor, ranging from 5-7 years, which is not matched to the time it takes for a particular power project to get its payback. We should put a long term supply agreement in place which matches the tenor of the loan provided to power projects.
- Upward revision of power tariff is a very good solution for dealing with the power crisis as evidenced in other countries. Also, strong sponsors with a good track record can mitigate the completion and implementation risk. In order to face the current challenge, we need to develop investors' confidence, avoid frequent changes in policies, simplify the bidding procedure, and involve multilateral organizations for financing.
- We need to provide adequate incentives for the large local corporates with good track record, to take up more power projects in order to mitigate the current crisis. We also need to ensure that financing is provided to the exploration of primary sources of energy like gas and coal. International fuel price has to be considered in determining the tariff of the power projects.
- Capital market could be an excellent source of financing giving a combination of debt and equity. Export Credit Agency (ECA) financing, syndicated financing, and NRBs could be possible options for financing.

The ICC should hold further conferences or workshops on specific topics, within this broad framework.

ICC Global Chairman meets
ICC Bangladesh Executive Board

ICC Chairman Dr. Victor K. Fung attended a Lunch meeting with the Members of the ICC Bangladesh Executive Board in Dhaka on April 12. ICCB President Mahbubur Rahman in his welcome address thanked the ICC Chairman for kindly accepting the invitation, despite his busy schedule, to come to Bangladesh for attending the ICC Conference on Energy for Growth to be held in Dhaka on April 13. He briefed Dr. Fung about the activities of the National Committee.

Dr. Victor Fung thanked ICCB President for inviting him to Bangladesh. He said that despite all his intention to come to Dhaka earlier, he somehow could not make the time. He said that he was amazed to see the development made by Bangladesh, in particular in the RMG sector. He mentioned that his own company Li & Fung Group has a big interest in the RMG sector. He pointed out that RMG export of his company from Bangladesh is at present about US$ 800 million and is expected to increase to US$1 billion next year. In view of the shifting of China going into more high ended products, Bangladesh has a bright prospect of increasing its RMG exports. Besides, there is scope for increasing export of leather goods and other products from Bangladesh. A number of big companies are exploring the possibility of relocating industries in markets where cheaper and efficient labour force as well as conducive investment opportunities are available. He said that Bangladesh should take full advantage of the situation and try to attract FDIs.

Although, Bangladesh is to be congratulated for its resilience and steady growth, its future prospects and the well being of its 160 million people depend on maintaining and enhancing an open global market for goods, capital and people as well as to be competitive, he observed.

The lunch meeting was attended by ICCB Vice Presidents Latifur Rahman, Samson H. Chowdhury, ICCB Executive Board Members, A. K. M. Rafiqul Islam, FCA, A. S. M. Quasem, Annisul Huq, Aftab ul Islam, Mahbub Jamil, Md. Fazlul Hoque and R. Maksud Khan; Apex Adelchi Chairman Syed Manzur Elahi, DCCI President Abul Kasem Khan, FICCI President A.M. Hamim Rahmatullah, Stephen Yue Chun Fung of Li & Fung, Ambassador Toufiq Ali and ICCB Secretary General Ataur Rahman.



A group photograph of ICCB members attending the meeting with ICC Chairman Victor K. Fung (7th from left)

ICCB 15th Annual Council
suggests top priority on energy sector development

ICC Bangladesh President Mahbubur Rahman, while presenting the Executive Board Report at the 15th Annual Council 2009 on May 30, observed that Bangladesh economy in 2009 has performed remarkably well despite the global recession and maintained a steady growth. Despite perceived uncertainties during the year (2009) the country achieved 5.9% growth in FY 09 and expecting 6% growth in the FY10. With adequate power and energy supply and appropriate infrastructure the country could have achieved higher GDP.

ICCB President further observed that one of the necessary, though not sufficient, conditions for development of the manufacturing sector is the availability of power, in the form of electricity. The current generation 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 1,500 MW on hot summer days. The per capita power generation in Bangladesh 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.

The Government has undertaken emergency plans to add more generation capacity each year, between now and 2014. Given the desire of the government to encourage private sector participation in power generation, public-private partnerships will be an important feature of many new plants.

While we welcome these plans, we also add a word of caution. In the first two years, for instance, the cumulative increments to new generation capacity will only meet the shortfall that currently exists. It is not clear, how new industrial units

set up within the next two years, or existing ones increasing their capacity, will get power. The implication is serious – that we shall have to face an uphill task to achieve the 6.6 % growth target projected by the Government, he said.

The Annual Report mentioned that until recently, we were quite complacent that our gas reserves were adequate for meeting our needs for some time. Now, when we find severe power shortages, we also learn that our known and probable reserves of gas will meet our needs for just over a decade. We must aggressively explore for gas, both on-shore and off-shore, on an emergency basis, the Report mentioned.

We do have another natural resource for power generation - that is, Coal. A large deposit of thermal-quality coal has been found, but is exploited only marginally. The estimated reserves are close to 3,300 million tonnes, while the proven reserve is about 884 million tonnes and we, the business community, strongly feel that public spending and investment in power generation & hydrocarbon exploration should now be taken up on a war footing. And, meaningful participation of the private sector should be encouraged, in a framework that is realistic, he observed.

Given the experience of countries around the globe, there is strong justification for use of local 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%, and South Africa about 94%. Now-a-days, technology is available for cost-effective coal-based power generation, while protecting the environment.

The Report mentioned that in 2009, the Bangladesh economy passed one of the toughest tests triggered by the global financial meltdown. The limited impact of the global downturn on Bangladesh's growth was due to the limited openness to capital flows, the large share of basic textiles and garments in total exports, and robust remittance inflows. Growth has been supported by buoyant domestic activity, including in agriculture and services. Fiscal conservatism of the government has paid large dividends.

The external position strengthened considerably in FY2009 and during the first quarter of FY2010. Increased remittances, resilient exports and weak imports caused the current account of the balance of payments to record a surplus of almost 3 percent of GDP in FY09, up from less than 1 percent of GDP in FY08. With the capital and financial account of the balance of payments broadly in balance, the improvement in the current account created a major rise in gross international reserves, from US$6.1 billion at the end of FY08 to US$7.5 billion by the end of FY09, which increased to over US$10 billion by March, 2010. This in turn is equivalent to 4.8 months of prospective imports, a 15-year high.



ICCB 15th Annual Council in progress. Seen in the picture from left to right are: BKMEA President Md. Fazlul Hoque, DCCI President Abul Kasem Khan, ICCB Vice President Latifur Rahman, ICCB President Mahbubur Rahman, ICCB Vice President Samson H. Chowdhury and Former DCCI President & Chairman ICCB Election Scrutiny Board Zafor Osman

The Report observed that despite all hurdles, the growth of the manufacturing sector occasionally reached the double digit. Growth in the country's two major sectors - export and agriculture - was satisfactory in the outgoing year 2009. Bangladesh's export earning grew at a rate of 10 percent in 2009 and agriculture by 4.8 percent. The country is now poised for a take-off stage, with manufacturing leading the way, provided the energy shortages can be addressed.

The Report mentioned that on an individual country basis, all of the BRICs and seven of the N-11 (Bangladesh, Egypt, Indonesia, Iran, Nigeria, Philippines and Vietnam) contributed more to world growth in 2007-2008 than from 2000 to 2006. Between 2007 and 2009 Mexico, Russia and Turkey saw the deepest downturns in the two groups. These three countries saw their economies shrink in 2009. China, India, Indonesia and Bangladesh experienced only relatively mild slowdowns.

The Council observed that the 2007-2009 financial crisis has been a major challenge for all of the world economy and the BRIC and N-11 economies collectively appear to have withstood the crisis better than many of their developed-country counterparts. Indeed, their contribution to world economic activity has increased even more through the crisis, and since. This is likely to continue in the near, medium and long term. The report said "we now think it is more likely, rather than less, that China will become as big as the US by 2027 and the BRICs will become as big as the G7 by 2032. China, Brazil and India have all performed particularly well, and although Russia has not done so recently, as long as it recovers quickly, it deserves its position as a BRIC. The N-11 countries are a very diverse group and showing

encouraging signs, including Indonesia.

Among many aspects of the world economic scene, the BRIC - and N-11- countries will become increasingly important. While this will undoubtedly lead to many complexities and issues in the future, it remains very exciting and offers considerable opportunities for all. Highlighting the activities of the National Committee (NC)during 2009, ICCB President informed the council that a number of programmes were organized by NC, has plan to conduct a number of workshops/ seminars during 2010 for pro-fessionals dealing with investment and international trade on issues of national, regional and global interest. The Council unanimously adopted the Report of the Executive Board and transacted other statutory agenda of the council.

The election results of the ICCB Executive Board for the period of April 2010 to March 2012 were also announced.



ICCB President Mahbubur Rahman is being presented a memento by ICCB Vice Presidents Latifur Rahman (3rd from left) and Samson H. Chowdhury (2nd from right) in recognition and admiration of his visionary and dynamic leadership and for his untiring efforts in establishing ICC Bangladesh as an institution of excellence. Also seen in the picture from left to right are Md. Fazlul Hoque, Abul Kasem Khan & Zafar Osman

Among others, ICCB Vice Presidents Latifur Rahman and Samson H. Chowdhury, ICCB Board Members A.K.M. Rafiqul Islam, FCA, A.S.M. Quasem, Aftab ul Islam, Mahbub Jamil, Mamun Rashid, Masih Ul Karim, Md. Fazlul Hoque, Rashed Maksud Khan, Waliur Rahman Bhuiyan, OBE, ICCB Members Barrister Rafique ul Huq, Dr. M Zahir, DCCI President Abul Kasem Khan, National Bank Managing Director Md. Abdur Rahman Sarker, as well as MDs/CEOs and senior officials of banks, insurance companies, national and multinational companies also attended the Council.

Seminar on IFC/ BICF Business Confidence Survey

Power crisis has been identified as one of the top investment constraints in the country. Government has, therefore, taken up measures to add about 1500 megawatt power to the national grid by March 2011, said Commerce Minister Muhammad Faruk Khan M.P., while speaking as the Chief Guest at a Seminar in Dhaka Chamber of Commerce and Industry (DCCI) on June 2.

The seminar on 'BICF Business Confidence Survey of the first quarter of 2010' was jointly organized by DCCI and Bangladesh Investment Climate Fund (BICF). Executive Chairman of Power and Participation Research Centre (PPRC) and former Adviser to the caretaker Government Dr. Hossain Zillur Rahman chaired the session. DCCI President Abul Kasem Khan in his welcome address said that the objective of the survey is to measure business confidence on a quarterly basis in order to asses the pulse of the economy. Through this kind of survey the business people can identify the short-comings in the business arena and take decision accordingly.



Seminar on BICF Business Confidence Survey is in progress. Commerce Minister Muhammad Faruk Khan, M.P. (3rd from right) was the Chief Guest. DCCI Senior Vice President M Shahjahan Khan, ICCB President Mahbubur Rahman, Former Advisor to the Caretaker government Dr. Hossain Zillur Rahman, DCCI President Abul Kasem Khan, DCCI Vice President Md. Sirajuddin Malik & BKMEA President M. Fazlul Hoque are also seen in the picture from left to right.

ICC Bangladesh President Mahbubur Rahman in his remarks observed that the government should take initiatives for the development of infrastructure in the country by taking pragmatic strategies.

Senior Programme Manager of IFC Syed Akhter Mahmood said that the government policy making on the economy or investment climate issues should be based on solid data and rigorous analysis. He emphasized the need for a comprehensive programme of investment climate analysis to be carried out by various parts of the government in collaboration with think-tanks and private sector chambers and associations. He opined that the Business Confidence Survey is a useful

instrument but needs to be complemented by other surveys and research works.

BKMEA President Md. Fazlul Hoque, President of the Institute of Chartered Accountants of Bangladesh Dr. Jamaluddin Ahmed and Director of DCCI Asif Ibrahim took part in the seminar as panel discussants.

Dr. Hossain Zillur Rahman emphasized on understanding implication of research data. He further said that government should take appropriate measures to help Bangladeshis working abroad. He stressed on developing skilled workforce and utilizing the potentials of the business sector. He also cited that the government should avoid adopting regulatory attitude.

The seminar was attended by DCCI Vice Presidents, Directors and a large number of business leaders.

ICC World Business Summit in Hong Kong

ICC World Business Summit 2010 was held in Hong Kong on 30 June, having "New Global Economic Realities: Asia-Pacific Perspectives" as the theme. Speakers and delegates at the summit agreed that trade, employment and sustainable development are key drivers of economic recovery and future growth. They urged governments to support their job creation, export and sustainable development initiatives by ensuring that new employment opportunities are created for unskilled labour, protectionist pressures are kept in check and efforts are stepped up to address critical environmental issues. In addition, governments were encouraged to nurture innovation as a catalyst for the world economy to prosper.

The Summit involved more than 400 participants, most of whom are senior management, business leaders and opinion leaders from



around the region and the world. They included Martin Wolf, Associate Editor and Chief Economics Commentator for the Financial Times, and David Sokol, Chairman, President and CEO of NetJets and Chairman of MidAmerican Energy Holdings Company. Donald Tsang, Chief Executive of the Hong Kong Special Administrative Region, delivered the morning's keynote address.

Chen Yuan, Chairman of the Board of Directors, China Development Bank, was the keynote speaker for the Summit luncheon.

ICC World Council Meeting, ICC Executive Board Meeting, Asia-Pacific Regional Permanent Heads of the National Committees Meeting and Meeting of the Global Permanent Heads of National Committees were also held in Hong Kong during June 27-29.

The Council elected Mr. Rajat Kumar Gupta as Chairman and Mr. Stephen K. Green as vice President for July 2010-June 2012 period.

A five Member delegation from ICC Bangladesh led by its President Mahbubur Rahman attended the event. The other Members of the delegation were ICCB Board Members Mahbub Jamil, Mamun Rashid, R. Maksud Khan and DCCI President Abul Kasem Khan.

Business leaders observe energy crisis as the major cause of concern

Business leaders urged the government to take measures to protect the interest of the local industry, keep the PSI system in place and increase allocation to power and energy sector in the upcoming budget. They expressed concern at a pre-budget consultative meeting held on May 11 jointly organized by NBR and FBCCI that the industrial growth will come to a half if the nagging power crisis is not contained immediately.



Consultative meeting of NBR is in progress. Adviser to the Prime Minister for Economic Affairs Dr. Moshiur Rahman (3rd from right) was the Chief Guest. Also seen in the picture are FBCCI Vice Presidents Abu Alam Chowdhury & Abul Kashem Ahmed, FBCCI President Annisul Huq, NBR Chairman Dr. Nasiruddin Ahmed & ICCB President Mahbubur Rahman.

Adviser to the Prime Minister for Economic Affairs Dr. Moshiur Rahman was present in the meeting as Chief Guest and said the government should offer more fiscal incentives to the engineering and shipbuilding industry as both the industries have so far shown their potentials in local and international markets. The meeting was chaired by NBR Chairman Dr. Nasiruddin Ahmed.

FBCCI President Annisul Huq said the ACC should take prior permission from the FBCCI before filing a corruption case against any businessman as the commission is required to take prior permission from the government for filing a case against a public servant. He demanded holistic measures from the government to improve the power and energy situation in the country.

ICC Bangladesh President and Former FBCCI President Mahbubur Rahman said the government should introduce a flat rate of income tax for all kinds of business establishments which would be later deducted from final tax amount. This, he said, would help expand tax coverage and earn more revenue.

ICC Bangladesh President criticized the customs department for not complying with the PSI regulations and said the customs officers seldom accept Clean Report of Findings (CRFs) issued by PSI companies. He demanded strong measures against non-compliant customs officers and PSI companies. He called for reducing VAT to 10 percent from the existing 15 percent. Referring to the erratic power supply in the country hampering production very badly he said, sufficient energy should be made available to continue uninterrupted production as well as to meet the increasing demand to be more competitive in the export market.

Other major proposals put forward in that meeting by the businesses were; increasing the limit of tax-free individual income to Tk. 200,000 from Tk. 165,000, corporate tax for listed companies at 25 percent, non-listed companies at 30 percent and financial institutions and cell phone companies at 40 percent, four-tier import duty, including 1 percent duty for importing capital machinery/basic raw materials and realization of VAT at small and retail levels on a partnership basis.

ICCB bids farewell to BICF Chief James Crittle

A lunch was hosted by ICC Bangladesh to bid farewell to Mr.James Crittle, Head of BICF & IFC Advisory Services in South Asia, International Finance Corporation (IFC) and Mrs. Crittle in Dhaka on May 20.

ICCB President Mahbubur Rahman thanked Mr.James Crittle and Mrs.Critlle for kindly accepting the invitation. He recalled the initiatives taken by Mr. Crittle as Head of Bangladesh Investment Climate Fund (BICF) since the beginning of the operation of BICF. Under his dynamic leadership BICF has taken up a number of programmes for creating a better business climate in Bangladesh including the Bangladesh Better Business Forum (BBBF), facilitating on-line registration of companies under the Registrar of Joint Stock Companies, assisting the Board of Investment (BoI) etc. The businesses have greatly benefitted from these programmes. Since January 2008, as a member of the 15-Member IFC BICF Technical Advisory Committee (TAC), Mr. Rahman mentioned that he has observed Mr. Crittle always presenting BICF progarmmes for the long-term development of the investment climate of Bangladesh. He also thanked Mr.Crittle and his colleagues for providing financial and technical support for setting up the much awaited Bangladesh International Arbitration Centre (BIAC) as well as implementing a three-year project for capacity building of the judiciary system in Bangladesh. With his departure, Bangladesh would be loosing a very good friend and a well wisher who has relentlessly worked for the betterment of Bangladesh. He wished Mr. and Mrs. Critlle and their family good health and long life. Bangladesh will always welcome them, said Mr. Rahman.



A group photograph of the guests attending the farewell lunch for IFC BICF Head James Crittle (3rd from right), ICCB President Mahbubur Rahman (4th from right-sitting) and Mrs. Crittle (4th from left-sitting) are also seen among others.

Mr.Crittle thanked ICCB President for inviting him and his wife at the lunch and give him the opportunity to meet all those friends with him he has been working for the last 5 years. He mentioned that during his tenure in Bangladesh as head of BICF he has worked closely with the business leaders and other stakeholders to improve the investment climate and create a conducive environment for business to flourish. “I have enjoyed my experience in the country, and have learned much from the resilience and strength of the people, and their stories and successes that I have witnessed over the past few years. It therefore, saddens me greatly to have to depart at this crucial juncture in Bangladesh’s economy”, said Mr. Crittle.

He expressed his gratitude to ICCB President Mahbubur Rahman, ICCB Vice Presidents Latifur Rahman and Samson H.

Chowdhury, Members of the ICCB Executive Board and all those present for their support and hard work with him and his colleagues over the past five years and helping him to feel at home in Bangladesh. He wished ICCB and BIAC all the success in furtherance of better investment climate so that Bangladesh could achieve the middle income country status within the shortest possible time.

ICCB Vice President Latifur Rahman, Apex Adelchi Chairman Syed Manzur Elahi, ICCB Executive Board Members A.K.M. Rafiqul Islam, FCA, A. S. M. Quasem, Kutubuddin Ahmed, Mahbub Jamil, Mamun Rashid, Masih Ul Karim, R. Maksud Khan; DCCI President Abul Kasem Khan, Ms. Nihad Kabir, Bar-at-Law, Zahid Hussain of World Bank, Masrur Reaz of UKaid, BICF Officials: Ian Crosby, Mahjabeen Quader and Shihab Ansari Azhar; DCCI Secretary A.H.M. Nurul Islam and ICCB Secretary General Ataur Rahman were present at the lunch.

ICCB bids adieu to Danish and Swedish Ambassadors

ICC Bangladesh hosted a farewell lunch for Ambassador of Sweden H.E. Mrs. Britt Falkman Hagstrom and Ambassador of Denmark H.E. Mr. Einar H. Jensen and spouse of Danish Ambassador Mrs. Ingrid H. Schafer on June 13. ICCB President Mahbubur Rahman thanked the Ambassadors and their spouses for accepting the invitation. Mahbubur Rahman recalled the role played by the Ambassadors during their tenure in Bangladesh in the development activities as well as promotion of trade of Bangladesh with their countries. Mahbubur Rahman appreciated the contributions made by DANIDA and SIDA in over all development of Bangladesh since its independence.

ICCB President thanked the Danish Ambassador for his support by arranging the participation of the Danish Minister for development Cooperation and a high level Business Delegation in the just concluded ICC Conference on Energy for Growth held in Dhaka on April 13, Mahbubur Rahman hoped that both the Ambassadors would continue to support promotion of trade and investment of their countries with Bangladesh as well as development assistance to Bangladesh.

Ambassador of Sweden Mrs. Hagstrom thanked the ICCB President for arranging the farewell lunch for her and the Danish Ambassador. She appreciated the support extended to her by all cross section of people in particular the business elites during her assignment in Bangladesh. She praised the Bangladeshi people for their hard work especially the farmers who have made it possible for Bangladesh to achieve self sufficiency in food. The Ambassador said that the private sector must be congratulated for their efforts, in particular in export sectors such as RMG, shipbuilding, pharmaceuticals etc. Mrs. Hagstrom said that she would be leaving Bangladesh with very positive thinking about the country and she hoped that with proper and appropriate policy implementation Bangladesh can easily achieve the middle-income country status within the next few years.



A group photograph of the guests attending the farewell lunch for Ambassador of Sweeden Mrs. Britt Falkman Hagstorm(4th from left-sitting) and Ambassador of Denmark Einar H. Jensen (2nd from left). ICCB President Mahbubur Rahman (3rd from left- sitting) and Mrs. Jensen (4th from right-sitting) are also seen in the picture among others.

Ambassador of Denmark Mr. Einar H. Jensen thanked the ICCB President for arranging the farewell lunch for him and his wife along with the Swedish Ambassador. He said that the Minister for Development Cooperation was very pleased to attend the ICC Conference on Energy for Growth. The Minister visited Bangladesh only two months after becoming the Minister for Development Cooperation. The Ambassador thanked the ICCB President for inviting the Minister to attend the Conference. The Ambassador said that the Minister and the Business Delegation were amazed to see various development activities that are taking place in Bangladesh. Mr. Jensen further said that investors from his country are very keen to have joint collaboration projects with private sector. He mentioned that Bangladesh has ample opportunity to increase further export to Denmark. In this regard he referred to the shipbuilding industry. The Ambassador assured his country's full support and cooperation in the development of Bangladesh.

ICC Bangladesh Vice President Latifur Rahman, ICCB Executive Board Members A. S.M. Quasem and Mahbub Jamil, Ambassador of the Netherlands Alphons Hennekens, World Bank Country Director Ellen Anne Goldstein,

Director General (Europe) of the Foreign Ministry, A.F.M Gousal Azam Sarkar, Industrial and Infrastructure Development Finance Corporation Limited (IIDFC) Chairman Md. Matiul Islam, Chairman Elite Group of Industries Masih Ul Karim, HSBC CEO Sanjay Prakash, Standard Chartered Bank CEO Jim McCabe, Nestle' Bangladesh Managing Director Laurent Therond, Incepta Pharmaceuticals Ltd. Director Md. Zahiruddin Mahmud and ICCB Secretary General Ataur Rahman were present at the farewell lunch.

ICCB Executive Board Meeting: First Half of 2010 reviewed

The 45th meeting of the ICCB Executive Board was held on May 13. The meeting reviewed the activities of ICCB during the first six months of 2010. The meeting discussed among other things about holding of the 15th Annual Council 2009, report of the Executive Board for placing before the Annual Council, Audited Accounts for the year 2009 for consideration and adoption by the Annual Council, update on BIAC Project Proposal and participation at World Business Summit in Hong Kong on June 30, 2010.



45th meeting of ICCB Executive Board

Presided over by ICCB President Mahbubur Rahman the Meeting was attended by ICCB Vice President Latifur Rahman and distinguished Board Members, Aftab ul Islam, Mahbub Jamil, Masih Ul Karim, Md. Fazlul Hoque and R. Maksud Khan.

ICCB Upcoming Events

Workshop on New Uniform Rules for Demand Guarantee URDG 758

Sunday, August 01, 2010
Venue
The Peninsula Chittagong
Registration fee:
ICCB Members: Tk. 7000
Non members: Tk. 8000
Registration closing date: **Sunday, July 25, 2010**

Workshop on New Uniform Rules for Demand Guarantee URDG 758

Monday, August 02, 2010
Venue
Bangabandhu International Conference Centre (BICC)
Registration fee:
ICCB Members: Tk. 7000
Non members: Tk. 8000
Registration closing date: **Monday, July 26, 2010**



CITF is a standalone qualification that adds to the knowledge and skills gained from the international benchmark qualification in documentary credits, the ICC-endorsed Certificate for Documentary Credit Specialists (CDCS), provided exclusively by the London-based ifs School of Finance and the US-based BAFT/IFSA, and now taken in more than 50 countries.

Certificate in International Trade and Finance (CITF)

A new professional qualification for trade, export and commodity finance executives

Examination will be held in Dhaka in October, 2010

Examination fee: £ 500
Registration closing date: **Sunday, July 25, 2010**

For further information please contact:
Secretary General, ICC Bangladesh Tel: +880-2-967-6698, 862-1942, Fax: +880-2-862-1027
e-mail: iccb@bdmail.net

Bangladesh Economy

Parliament approved Tk. 1.321 trillion budget for 2010-11

The parliament approved a budget of Tk. 1.321 trillion for the next fiscal year which is 35 per cent higher than the figure of the revised budget for the outgoing financial year. The revised budget for the 2009–2010 had an outlay of Tk 1,10,523 crore. The FY11 budget will have a deficit of Tk 39,323 crore or 5 per cent of the proposed gross domestic product, the total value of goods and services produced in a year, estimated at Tk 7, 80,290 crore with a growth rate of 6.7 per cent.

The power and energy sector has received the highest allocation of Tk 61.15 billion with an increase of 61.5 per cent on the figure of the budget for the outgoing financial year, no subsidy has been proposed for the sector which may compel the government to increase power and energy prices in the coming days.

Finance Minister hoped that the expected progress will be achieved by augmenting revenue collection, crowding in private sector investment through ADP implementation, expediting private sector investment with an increase in the supply of credit for the private sector, including PPP, and making the external sector competitive through a stable exchange rate.

The budget for FY11 has a revenue earning target of about Tk 928.50 billion, which is 11.9 per cent of the GDP. Of the amount, the National Board of Revenue would earn Tk 725.90 billion. Tax sources outside revenue board have been projected to earn Tk 385.20 billion and Tk 168.05 billion would be coming from non-tax earning.

In the budget FY11 the deficit will be managed with Tk 156 billion from foreign sources and Tk 238 billion from domestic sources. Among domestic sources for deficit financing, the banking sector would provide Tk 156.80 billion and non-banking sectors Tk 80 billion. Budget FY11 also had an annual development programme of Tk 385 billion and another public-private partnership involving Tk 30 billion.

Budget highlights

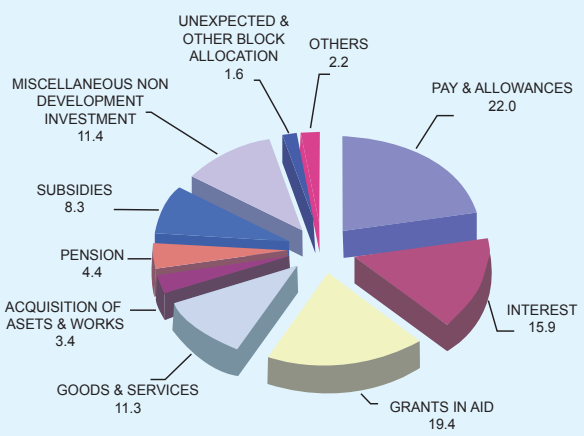
Total outlay:

Tk 1,32,170cr (1crore=10 milion)
Interest payment: 11.1pc
Edn & IT: 13.2pc
Energy & Power: 4.6pc
Agriculture: 5.4pc
Social security & welfare: 7pc
LGRD: 8.1pc

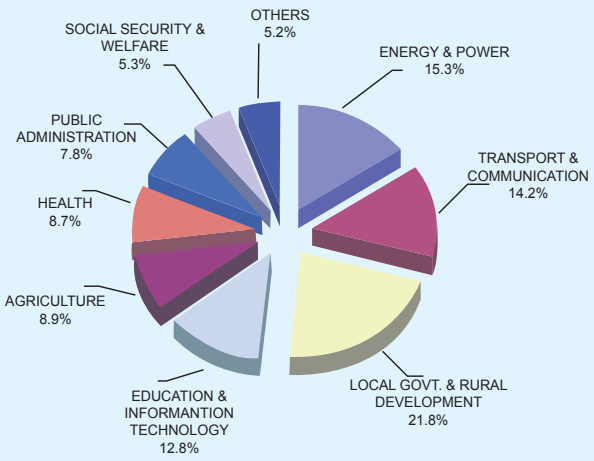
Projections

GDP growth: 6.7pc
Inflation: 6.5pc
Export growth : 15%
Import growth : 16%
Remittance growth : 14%
Investment as % of GDP: 26.5%
Income: Tk 92,847cr
Deficit: Tk 39,323cf
Domestic borrowing: Tk 23,680cr
Foreign borrowing: Tk 15,643cr
Revenue expenditure: Tk 93,670cr
ADP: Tk 38,500cr

NON DEVELOPMENT BUDGET 2010 - 11
(TAKA 924.76 BILLION)
Economic Analysis of
Non- Development Expenditure



DEVELOPMENT BUDGET 2010 - 11
(TAKA 396.94 BILLION)
Details of Development Expenditure



Annual Development Programme:
Proposed, Revised and Implemented 2004 - 2011

(Amount in million Tk.)

Fiscal Years	Proposed ADP	Revised ADP	Implemented	Implementation as % of RADP	Implementation as % of PADP	RADP as % PADP
2004-05	22000	20500	187710	91.8	85.32	93.13
2005-06	24500	21500	194780	91.0	79.48	87.75
2006-07	26000	21600	179170	83.0	68.91	83.07
2007-08	26500	22500	184600	83.8	69.62	84.90
2008-09	25600	13000	197000	86.0	76.95	89.84
2009-10	30500	28500	-	-	-	-
2010-11	38500	-	-	-	-	-

RADP: Revised Annual Development Programme *PADP: Proposed Annual Development Rrogramme

Source: Ministry of Planning

Power gets Tk 61.15 billion for 2010-11

The power and energy sector has received the highest allocation of Tk 61.15 billion with an increase of 61.5 per cent on the figure of the budget for the outgoing financial year.

Some of the immediate tasks to be undertaken in the FY11 would include expediting finalising coal policy, expediting import of Liquefied Natural Gas (LNG), floating onshore oil and gas block bidding, encouraging renewable energy generation, and fixing maritime boundary with India and Myanmar (to ensure trouble-free off-shore oil and gas exploration), according to a road map for power and energy sector.

The road map sees enough coal reserves in the country to address the country's power needs--but due to anxiety over the extraction methods had slowed down developing coal mine. “If the coal extraction by open method from a coal mine is economically viable, a plan has to be prepared about the rehabilitation of the people of that area and ensure their livelihood, preserve the environment and infrastructure as well,” it said.

The document adds that the on-going gas crisis could be mitigated through importing LNG by the next two years and building two LNG terminals to handle import of 500 million cubic feet per day (mmcfd) capacity. The country's on-going gas crisis is around 300 to 500 mmcfd.

By 2012, enough power projects would be implemented to end the perennial load shedding that was impeding the investment environment in the country.

To quickly make up the demand -supply gap, the government opted for reducing dependency on natural gas to generate power and go for costly diesel and furnace oil based rental power projects for short term. For this, the government would have to subsidise the sector on one hand, increase the power tariff on the other.

gas production by 265 mmcfd, US company Chevron by 300 mmcfd and government would add another 500 mmcfd as imported LNG. By December this year, the national companies would increase gas production by 158 mmcfd.

The Finance Minister remarked that gas crisis and slow tender process as two major roadblocks in making progress in the power sector. In this light, the government adopted a direct method for procurement of power on rental basis. Under this initiative the government has concluded contracts for installing 1,107 MW power.

Power Demand Supply Forecast

YEAR	NEW POWER	TOTAL SUPPLY	DEMAND
2010	792 MW	5109 MW	5808 MW
2011	920 MW	6363 MW	6298 MW
2012	2269 MW	8683 MW	6832 MW
2013	1675 MW	9764 MW	7709 MW
2014	1170 MW	10527 MW	8699 MW
2015	2600 MW	12601 MW	9812 MW

Source: Budget speech FY11

However, the Govt. hoped that the price of power should come down again within 2014-15, when large coal-based cheaper power projects are expected to begin power generation-and thus reduce the overall cost of power.

Steps have been taken to minimise the gas crisis by 2013 when national companies would increase

To improve the power situation, the government had taken various measures for load-demand management. By changing closing hours of shopping malls, about 350 MW of demand was reduced. By changing the area wise weekly holiday of commercial organisations, about 150 MW demand was reduced.

Golden Fibre Back to Glory :
Jute genome sequence decoded by Bangladeshi scientists

Bangladeshi scientists have successfully decoded the crucial genome sequence of jute, creating new potentials for its production, conservation and characterization. The discovery of genome sequencing of jute would facilitate better pest control and better finished industrial products out of jute. This is a glorious event for Bangladesh, with this discovery, jute is expected to regain its lost glory of being the golden fibre. The genome sequence discovery earned Bangladesh the owner of its patent right while it would restore jute's stake in national economy.

The discoverers of the genome are a group of scientists, led by Dr. Maqsudul Alam, a Bangladeshi Professor of Microbiology at the University of Hawaii, USA, in collaboration with the departments of bio-technology and bio -Chemistry at Dhaka University. Officials and scientists said Bangladesh was the lone country in Asia after Malaysia to carry out such a high level research. Alam earlier decoded the genome of papaya in the US and rubber plant in Malaysia, led from the forefront in sequencing the jute genome.

Experts said this gene sequencing would help improve the fibre length and quality, including colours and strength; and develop high yielding, saline, soil and pest-tolerant jute varieties through genetic engineering. A genome is all of a living thing's genetic material and it is the entire set of hereditary instructions for building, running, maintaining an organism, and passing life on to the next generation.

Genome sequencing is a laboratory process that determines the complete DNA sequence of an organism's genome at a single time. The process is often compared to "decoding", but a sequence is still very much in code.



In Bangladesh Jute is the second largest fibre crop in terms of cultivation next to cotton. Bangladesh is the world's second-largest producer of jute, after India, and the world's largest exporter of the fibre. Jute, a vegetable fibre that is spun into coarse threads, was once known as the "golden fibre" of the British Empire when the Indian sub-continent was ruled from London.

The material's long decline was hastened in the 1980s with the advent of synthetic fabrics, but the trend is being reversed due to growing opposition to the litter and pollution caused by plastic bags. Jute cloth, also called hessian in Europe or burlap in North America, is environmentally friendly to produce, bio-degradable, versatile and cheap, making it a popular alternative to plastic bags. Bangladesh occupies much of the river Ganges delta plain - fertile land perfect for growing jute - and last year exported 547 million dollars worth of jute goods, according to official statistics.

Jute was once the country's top foreign currency earner, but the fall in demand in the world market forced Bangladesh to scale back cultivation and close down loss-incurring jute mills, including the Adamjee Jute Mill, Asia's largest mill. Farmers increasingly switched over to rice production as it promised better output and prices.

The genome sequencing is expected to result in both quantitative and qualitative improvement in jute production.

This scientific discovery emerges at a time when, after a short-lived fancy over synthetic fibre, the world has once again turned back to natural fibre as people become increasingly conscious about the environment. Such consciousness has resulted in significant demand for natural fibre like jute. UN declared 2009 the International Natural Fibre Year, but Bangladesh missed that golden opportunity to tap into the full industrial potential of jute, widely known as a versatile and ecologically-safe natural fibre.

The discovery also offers a ray of hope to traditional jute-growing countries presently facing the adverse impacts of global climate change in the form of frequent and prolonged natural calamities like droughts and floods. Bangladesh has now joined a handful of countries that conducted such milestone research of mapping out plant genomics.

It is encouraging that the government, on June 17, approved a draft bill seeking mandatory use of jute in packing of various commodities. The bill will be placed in parliament soon for passage. India's Jute Compulsory Use Act facilitated jute bag sales in their local market by imposing restrictions on the use of all other packaging materials for grains.

Possibilities for bringing back its lost glory have emerged with this brilliant scientific feat. This scientific achievement coupled with the renewed interest in natural fibre worldwide, has opened up a new vista for jute. All we need to do now to rejuvenate the jute sector is formulate proper policies and enforce them.

Regional News

The G-20 Toronto Summit Declaration

Preamble

1. In Toronto, we held our first Summit of the G-20 in its new capacity as the premier forum for our international economic cooperation.

2. Building on our achievements in addressing the global economic crisis, we have agreed on the next steps we should take to ensure a full return to growth with quality jobs, to reform and strengthen financial systems, and to create strong, sustainable and balanced global growth.



3. Our efforts to date have borne good results. Unprecedented and globally coordinated fiscal and monetary stimulus is playing a major role in helping to restore private demand and lending. We are taking strong steps toward increasing the stability and strength of our Financial systems. Significantly increased resources for international financial institutions are helping stabilise and address the impact of the crisis on the world's most vulnerable. Ongoing governance and management reforms, which must be completed, will also enhance the effectiveness and relevance of these institutions. We have successfully maintained our strong commitment to resist protectionism.

4. But serious challenges remain. While growth is returning, the recovery is uneven and fragile, unemployment in many countries remains at unacceptable levels, and the social impact of the crisis is still widely felt. Strengthening the recovery is key. To sustain recovery, we need to follow through on delivering existing stimulus plans, while working to create the conditions for robust private demand. At the same time, recent events highlight the importance of sustainable public finances and the need for our countries to put in place credible, properly phased and growth-friendly plans to deliver fiscal sustainability, differentiated for and tailored to national circumstances. Those countries with serious fiscal challenges need to accelerate the pace of consolidation. This should be combined with efforts to rebalance global demand to help ensure global growth continues on a sustainable path. Further progress is also required on financial repair and reform to increase the transparency and strengthen the balance sheets of our financial institutions, and support credit availability and rapid growth, including in the real economy. We took new steps to build a better regulated and more resilient financial system that serves the needs of our citizens. There is also a pressing need to complete the reforms of the international financial institutions.

5. Recognizing the importance of achieving strong job growth and providing social protection to our citizens, particularly our most vulnerable, we welcome the recommendations of our Labour and Employment Ministers, who met in April 2010, and the training strategy prepared by the International Labour Organization (ILO) in collaboration with the Organisation for Economic Co-operation and Development (OECD).

6. We are determined to be accountable for the commitments we have made, and have instructed our Ministers and officials to take all necessary steps to implement them fully within agreed timelines.

The Framework for Strong, Sustainable and Balanced Growth

7. The G-20's highest priority is to safeguard and strengthen the recovery and lay the foundation for strong, sustainable and balanced growth, and strengthen our financial systems against risks. We therefore welcome the actions taken and commitments made by a number of G-20 countries to boost demand and rebalance growth, strengthen our public finances, and make our financial systems stronger and more transparent.

These measures represent substantial contributions to our collective well-being and build on previous actions. We will continue to co-operate and undertake appropriate actions to bolster economic growth and foster a strong and lasting recovery.

8. The Framework for Strong, Sustainable and Balanced Growth that we launched in Pittsburgh is the means to achieving our shared objectives, by assessing the collective consistency of policy actions and strengthening policy frameworks.

9. We have completed the first stage of our Mutual Assessment Process and we concluded that we can do much better. The IMF and World Bank estimate that if we choose a more ambitious path of reforms, over the medium term:

- global output would be higher by almost $4 trillion;
- tens of millions more jobs would be created;
- even more people would be lifted out of poverty; and
- global imbalances would be significantly reduced.

Increasing global growth on a sustainable basis is the most important step we can take in improving the lives of all of our citizens, including those in the poorest countries.

10. We are committed to taking concerted actions to sustain the recovery, create jobs and to achieve stronger, more sustainable and more balanced growth. These will be differentiated and tailored to national circumstances. We agreed today on:

- Following through on fiscal stimulus and communicating "growth friendly" fiscal consolidation plans in advanced countries that will be implemented going forward. Sound fiscal finances are essential to sustain recovery, provide flexibility to respond to new shocks, ensure the capacity to meet the challenges of aging populations, and avoid leaving future generations with a legacy of deficits and debt. The path of adjustment must be carefully calibrated to sustain the recovery in private demand. There is a risk that synchronized fiscal adjustment across several major economies could adversely impact the recovery. There is also a risk that the failure to implement consolidation where necessary would undermine confidence and hamper growth. Reflecting this balance, advanced economies have committed to fiscal plans that will at least halve deficits by 2013 and stabilize or reduce government debt-to-GDP ratios by 2016. Recognizing the circumstances of Japan, we welcome the Japanese government's fiscal consolidation plan announced recently with their growth strategy. Those with serious fiscal challenges need to accelerate the pace of consolidation. Fiscal consolidation plans will be credible, clearly communicated, differentiated to national circumstances, and focused on measures to foster economic growth.
- Strengthening social safety nets, enhancing corporate governance reform, financial market development, infrastructure spending, and greater exchange rate flexibility in some emerging markets;
- Pursuing structural reforms across the entire G-20 membership to increase and sustain our growth prospects; and
- Making more progress on rebalancing global demand.

Monetary policy will continue to be appropriate to achieve price stability and thereby contribute to the recovery.

11. Advanced deficit countries should take actions to boost national savings while maintaining open markets and enhancing export competitiveness.

12. Surplus economies will undertake reforms to reduce their reliance on external demand and focus more on domestic sources of growth.

13. We are committed to narrowing the development gap and that we must consider the impact of our policy actions on low-income countries. We will continue to support development financing, including through new approaches that encourage development financing from both public and private sources.

14. We recognize that these measures will require to be implemented at the national level and will need to be tailored to individual country circumstances. To facilitate this process, we have agreed that the second stage of our country-led and consultative mutual assessment will be conducted at the country and European level and that we will each identify additional measures, as necessary, that we will take toward achieving strong, sustainable, and balanced growth.

Financial Sector Reform

15. We are building a more resilient financial system that serves the needs of our economies, reduces moral hazard, limits the build up of systemic risk, and supports strong and stable economic growth. We have strengthened the global financial system by fortifying prudential oversight, improving risk management, promoting transparency, and reinforcing international cooperation. A great deal has been accomplished. We welcome the full implementation of the European Stabilization Mechanism and Facility, the EU decision to publicly release the results of ongoing tests on European banks, and the recent US financial reform bill.

16. But more work is required. Accordingly, we pledge to act together to achieve the commitments to reform the financial sector made at the Washington, London and Pittsburgh Summits by the agreed or accelerated timeframes. The transition to new standards will take into account the cumulative macroeconomic impact of the reforms in advanced and emerging economies. We are committed to international assessment and peer review to ensure that all our decisions are fully implemented.

17. Our reform agenda rests on four pillars.

18. The first pillar is a strong regulatory framework. We took stock of the progress of the Basel Committee on Banking Supervision (BCBS) towards a new global regime for bank capital and liquidity

and we welcome and support its work. Substantial progress has been made on reforms that will materially raise levels of resilience of our banking systems. The amount of capital will be significantly higher and the quality of capital will be significantly improved when the new reforms are fully implemented. This will enable banks to withstand – without extraordinary government support – stresses of a magnitude associated with the recent financial crisis. We support reaching agreement at the time of the Seoul Summit on the new capital framework. We agreed that all members will adopt the new standards and these will be phased in over a timeframe that is consistent with sustained recovery and limits market disruption, with the aim of implementation by end-2012, and a transition horizon informed by the macroeconomic impact assessment of the Financial Stability Board (FSB) and BCBS. Phase-in arrangements will reflect different national starting points and circumstances, with initial variance around the new standards narrowing over time as countries converge to the new global standard.

19. We agreed to strengthen financial market infrastructure by accelerating the implementation of strong measures to improve transparency and regulatory oversight of hedge funds, credit rating agencies and over the counter derivatives in an internationally consistent and nondiscriminatory way. We re-emphasized the importance of achieving a single set of high quality improved global accounting standards and the implementation of the FSB's standards for sound compensation.

20. The second pillar is effective supervision. We agreed that new, stronger rules must be complemented with more effective oversight and supervision. We tasked the FSB, in consultation with the IMF, to report to our Finance Ministers and Central Bank Governors in October 2010 on recommendations to strengthen oversight and supervision, specifically relating to the mandate, capacity and resourcing of supervisors and specific powers which should be adopted to proactively identify and address risks, including early intervention.

21. The third pillar is resolution and addressing systemic institutions. We are committed to design and implement a system where we have the powers and tools to restructure or resolve all types of financial institutions in crisis, without taxpayers ultimately bearing the burden, and adopted principles that will guide implementation. We called upon the FSB to consider and develop concrete policy recommendations to effectively address problems associated with, and resolve, systemically important financial institutions by the Seoul Summit. To reduce moral hazard risks, there is a need to have a policy framework including effective resolution tools, strengthened prudential and supervisory requirements, and core financial market infrastructures. We agreed the financial sector should make a fair and substantial contribution towards paying for any burdens associated with government interventions, where they occur, to repair the financial system or fund resolution, and reduce risks from the financial system. We recognized that there are a range of policy approaches to this end. Some countries are pursuing a financial levy. Other countries are pursuing different approaches.

22. The fourth pillar is transparent international assessment and peer review. We have strengthened our commitment to the IMF/World Bank Financial Sector Assessment Program (FSAP) and pledge to support robust and transparent peer review through the FSB. We are addressing non-cooperative jurisdictions based on comprehensive, consistent, and transparent assessment with respect to tax havens, the fight against money laundering and terrorist financing and the adherence to prudential standards.

International Financial Institutions and Development

23. The International Financial Institutions (IFIs) have been a central part of the global response to the financial and economic crisis, mobilizing critical financing, including $750 billion by the IMF and $235 billion by the Multilateral Development Banks (MDBs). This has underscored the value of these institutions as platforms for our global cooperation.

24. We commit to strengthening the legitimacy, credibility and effectiveness of the IFIs to make them even stronger partners for us in the future.

25. Towards this end, we have fulfilled our Pittsburgh Summit commitment on the MDBs. This includes $350 billion in capital increases for the MDBs, allowing them to nearly double their lending. This new capital is joined to ongoing and important reforms to make these institutions more transparent, accountable and effective, and to strengthen their focus on lifting the lives of the poor, underwriting growth, and addressing climate change and food security.

26. We will fulfill our commitment to ensure an ambitious replenishment for the concessional lending facilities of the MDBs, especially the International Development Association and the African Development Fund.

27. We have endorsed the important voice reforms agreed by shareholders at the World Bank, which will increase the voting power of developing and transition countries by 4.59% since 2008.

28. We underscore our resolve to ensure ratification of the 2008 IMF Quota and Voice Reforms and expansion of the New Arrangements to Borrow (NAB).

29. We called for an acceleration of the substantial work still needed for the IMF to complete the quota reform by the Seoul Summit and in parallel deliver on other governance reforms, in line with commitments made in Pittsburgh.

30. Today we build on our earlier commitment to open, transparent and merit-based selection processes for the heads and senior leadership of all the IFIs. We will strengthen the selection processes in the lead up to the Seoul Summit in the context of broader reform.

31. We agreed to task our Finance Ministers and Central Bank Governors to prepare policy options to strengthen global financial safety nets for our consideration at the Seoul Summit. Our goal is to build a more stable and resilient international monetary system.

32. We stand united with the people of Haiti and are providing much-needed reconstruction assistance, including the full cancellation of all of Haiti's IFI debt. We welcome the launching of the Haiti Reconstruction Fund.

33. We have launched the SME Finance Challenge and commit to mobilizing funding for implementation of winning proposals, including through the strong support of the MDBs. We have developed a set of principles for innovative financial inclusion.

34. We welcome the launch of the Global Agriculture and Food Security Program in fulfillment of our Pittsburgh commitment on food security, an important step to further implement the Global Partnership for Agriculture and Food Security, and invite further contributions. Looking ahead, we commit to exploring innovative, results-based mechanisms to harness the private sector for agricultural innovation. We call for the full implementation of the L'Aquila Initiative and the application of its principles.

Fighting Protectionism and Promoting Trade and Investment

35. While the global economic crisis led to the sharpest decline of trade in more than seventy years, G-20 countries chose to keep markets open to the opportunities that trade and investment offer. It was the right choice.

36. As such, we renew for a further three years, until the end of 2013, our commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing World Trade Organization (WTO)-inconsistent measures to stimulate exports, and commit to rectify such measures as they arise. We will minimize any negative impact on trade and investment of our domestic policy actions, including fiscal policy and action to support the financial sector. We ask the WTO, OECD and UNCTAD to continue to monitor the situation within their respective mandates, reporting publicly on these commitments on a quarterly basis.

37. Open markets play a pivotal role in supporting growth and job creation, and in achieving our goals under the G-20 Framework for Strong, Sustainable and Balanced Growth. We ask the OECD, the ILO, World Bank, and the WTO to report on the benefits of trade liberalization for employment and growth at the Seoul Summit.

38. We therefore reiterate our support for bringing the WTO Doha Development Round to a balanced and ambitious conclusion as soon as possible, consistent with its mandate and based on the progress already made. We direct our representatives, using all negotiating avenues, to pursue this objective, and to report on progress at our next meeting in Seoul, where we will discuss the status of the negotiations and the way forward.

39. We commit to maintain momentum for Aid for Trade. We also ask international agencies, including the World Bank and other Multilateral Development Banks to step up their capacity and support trade facilitation which will boost world trade.

Other Issues and Forward Agenda

40. We agree that corruption threatens the integrity of markets, undermines fair competition, distorts resource allocation, destroys public trust and undermines the rule of law. We call for the ratification and full implementation by all G-20 members of the United Nations Convention against Corruption (UNCAC) and encourage others to do the same. We will fully implement the reviews in accordance with the provisions of UNCAC. Building on the progress made since Pittsburgh to address corruption, we agree to establish a Working Group to make comprehensive recommendations for consideration by Leaders in Korea on how the G-20 could continue to make practical and valuable contributions to international efforts to combat corruption and lead by example, in key areas that include, but are not limited to, adopting and enforcing strong and effective anti-bribery rules, fighting corruption in the public and private sectors, preventing access of corrupt persons to global financial systems, cooperation in visa denial, extradition and asset recovery, and protecting whistleblowers who stand-up against corruption.

41. We reiterate our commitment to a green recovery and to sustainable global growth. Those of us who have associated with the Copenhagen Accord reaffirm our support for it and its implementation and call on others to associate with it. We are committed to engage in negotiations under the UNFCCC on the basis of its objective provisions and principles including common but differentiated responsibilities

and respective capabilities and are determined to ensure a successful outcome through an inclusive process at the Cancun Conferences. We thank Mexico for undertaking to host the sixteenth Conference of the Parties (COP 16) in Cancun from November 29 to December 20, 2010 and express our appreciation for its efforts to facilitate negotiations. We look forward to the outcome of the UN Secretary-General's High-Level Advisory Group on Climate Change Financing which is, inter alia, exploring innovative financing.

42. We note with appreciation the report on energy subsidies from the International Energy Agency (IEA), Organization of the Petroleum Exporting Countries (OPEC), OECD and World Bank. We welcome the work of Finance and Energy Ministers in delivering implementation strategies and timeframes, based on national circumstances, for the rationali- zation and phase out over the medium term of inefficient fossil fuel subsidies that encourage wasteful consumption, taking into account vulnerable groups and their development needs. We also encourage continued and full implementation of countryspecific strategies and will continue to review progress towards this commitment at upcoming summits.

43. Following the recent oil spill in the Gulf of Mexico we recognize the need to share best practices to protect the marine environment, prevent accidents related to off-shore exploration and development, as well as transportation, and deal with their consequences.

44. We recognize that 2010 marks an important year for development issues. The September 2010 Millennium Development Goals (MDG) High Level Plenary will be a crucial opportunity to reaffirm the global development agenda and global partnership, to agree on actions for all to achieve the MDGs by 2015, and to reaffirm our respective commitments to assist the poorest countries.

45. In this regard it is important to work with Least Developed Countries (LDCs) to make them active participants in and beneficiaries of the global economic system. Accordingly we thank Turkey for its decision to host the 4th United Nations Conference on the LDCs in June 2011.

46. We welcome the Global Pulse Initiative interim report and look forward to an update.

47. Narrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable and balanced growth and ensuring a more robust and resilient global economy for all. In this regard, we agree to establish a Working Group on Development and mandate it to elaborate, consistent with the G-20's focus on measures to promote economic growth and resilience, a development agenda and multi-year action plans to be adopted at the Seoul Summit.

48. We will meet next in Seoul, Korea, on November 11-12, 2010. We will convene in November 2011 under the Chairmanship of France and in 2012 under the Chairmanship of Mexico.

49. We thank Canada for hosting the successful Toronto Summit.

GDP of G-20 Countries

Country	2009 GDP (million)	2009 Growth	2009 GDP per capita	2009 estimate	2010 estimate	2011 estimate	2012 estimate	2013 estimate	2014 estimate
USA	14,270,000	-2.4%	46,400	14,266,201	14,704,207	15,326,881	16,008506	16,729,376	17,419,352
Japan	5,049,000	-5.7%	39,700	5,048,634	5,187,464	5,267,138	5,410,700	5,591,428	5,791,625
China	4,758,000	8.7%	3,600	4,757,743	5,263,327	5,843,569	6,524,225	7,287,762	8,283,348
Germany	3,235,000	-5%	39,300	3,235,463	3,325,760	3,358,213	3,397,872	3,443,060	3,485,904
France	2,635,000	-2.1%	41,100	2,634,817	2,745,486	2,823,349	2,907,440	2,998,968	3,089,175
UK	2,198,000	-4.3%	36,000	2,198,163	2,353,033	2,472,057	2,611,268	2,758,800	2,919,117
Italy	2,090,000	-5%	36,000	2,089,555	2,172,435	2,204,577	2,246,546	2,296,209	2,355,353
Brazil	1,482,000	0.1%	7,500	1,481,547	1,724,347	1,822,218	1,924,292	2,036,244	2,155,684
Canada	1,319,000	-2.4%	39,400	1,319,137	1,438,990	1,511,425	1,584,476	1,651,523	1,713,405
Russia	1,255,000	-7.9%	9,000	1,254,651	1,363,979	1,532,645	1,706335	1,896,676	2,127,580
India	1,243,000	6.5%	1,100	1,242,641	1,339,488	1,449,169	1,583,432	1,740,413	1,908,332
Mexico	1,017,000	-6.5%	7,800	866,336	952,575	1,015,444	1,097,854	1,186,612	1,273,559
Australia	920,000	0.8%	43,300	920,010	982,826	1,005,542	1,039,688	1,078,914	1,125,823
South Korea	800,300	N/A	16,500	800,294	855,384	927,481	1,005,737	1,087,247	1,167,691
Turkey	608,400	-6%	7,700	593,533	590,701	610,470	638,419	673,753	710,833
Indonesia	514,900	4.4%	2,100	514,931	568,589	612,199	661,113	716,887	777,890
Saudi Arabia	379,500	-0.6%	13,200	379,500	442,765	478,557	514,836	556,532	601,387
South Africa	277,400	-1.9%	5,700	277,379	286,357	299,085	314,635	331,801	349,581
Argentina	301,300	-2.5%	7,400	301,331	296,109	303,184	315,832	329,332	347,731

Source: CIA "The World Fact Book", the data as of October 2009

SIXTEENTH SAARC SUMMIT
Thimphu Silver Jubilee Declaration
"Towards a Green and Happy South Asia"

The President of the Islamic Republic of Afghanistan, His Excellency Mr. Hamid Karzai; the Prime Minister of the People's Republic of Bangladesh, Her Excellency Sheikh Hasina; the Prime Minister of the Kingdom of Bhutan, His Excellency Lyonchhen Jigmi Yoeser Thinley; the Prime Minister of the Republic of India, His Excellency Dr. Manmohan Singh; the President of the Republic of Maldives, His Excellency Mr. Mohamed Nasheed; the Prime Minister of Nepal, His Excellency Mr. Madhav Kumar Nepal; the Prime Minister of the Islamic Republic of Pakistan, His Excellency Syed Yusuf Raza Gilani; and the President of the Democratic Socialist Republic of Sri Lanka, His Excellency Mr. Mahinda Rajapaksa, met in Thimphu, Bhutan, on 28-29 April 2010 for the Sixteenth Summit of the South Asian Association for Regional Cooperation (SAARC).

2. The Leaders expressed satisfaction that SAARC had achieved a number of important milestones with the completion of twenty five years of its establishment. The Leaders underscored the relevance and importance of the Association in providing a platform for regional cooperation to accomplish the Charter objectives.

3. In this Silver Jubilee Year of SAARC, the Leaders emphasized the need to develop a 'Vision Statement'. They agreed to form a 'South Asia Forum' for the generation of debate, discussion and the exchange of ideas on South Asia and its future development. The Forum will consist of eminent personalities of diverse background including from all SAARC Member States. The Forum would provide inputs, based on a comprehensive understanding, for charting out the future course of SAARC in the medium and long run and recommend, if required, the necessary improvements required in the existing mechanisms. Such a forum could function on public-private partnership lines, and allow for multiple inputs beyond govern- ments into the consideration of the future of SAARC.

4. In order to commemorate the 25th anniversary, the Leaders laid emphasis on effective communications and public diplomacy. They drew attention in this regard to the need to reach out to different sections of the South Asian community, particularly its students and youth, private media, private sector, think tanks, civil society, and institutions of economic development.



5. The Leaders agreed that the scope and substance of co-operation had expanded to diverse fields, providing a firm basis for genuine partnership. However, a number of these had not translated into meaningful and tangible benefits to the people. They, therefore, highlighted the need for more efficient, focused, time-bound and people-centric activities and called for appropriate reflection of all the SAARC decisions into the national policies and programmes of Member States. They resolved that the Silver Jubilee Year should be commemorated by making SAARC truly action oriented by fulfilling commitments, implementing declarations and decisions and operationalizing instruments and living up to the hopes and aspirations of onefifth of humanity.

6. The Leaders, while appreciating that all the Member States had evolved into multi-party democracies, underlined the challenges faced by them in ensuring effective, efficient, transparent and accountable governments. In this regard, they emphasized the need for regional cooperation to strengthen good governance through sharing of experiences, best-practices and establishing institutional linkages. They noted the proposal by Bangladesh to convene an Inter-governmental Meeting in Dhaka on the idea of a SAARC Charter of Democracy on which Bangladesh offered to circulate a Concept Paper.

7. The Leaders recognised the need to draw on the democratic and participatory tradition collectively represented by the Parliamentarians of South Asia for the progress of SAARC. In this context, the Leaders recommended the convening of a "Conclave of SAARC Parliamentarians" in line with the SAARC Charter and

directed the SAARC Secretariat to convene a Working Group, comprising nominees of the Member States, to workout the modalities for establishment of such a Conclave.

8. The Leaders emphasized on a greater focus to pursue people-centric development with due emphasis on socio-cultural progress and upholding traditions and values and in that regard, noted the concept of Gross National Happiness (GNH) pursued by Bhutan, inter alia, in ensuring people-centric development, culture, preservation of environment, better governance. They further noted that other Member States might consider Bhutan's experience with the concept and welcomed Bhutan's offer to host a SAARC Workshop on GNH in 2010.

9. The Leaders emphasized on deepening regional efforts on poverty alleviation, the overarching objective of SAARC. They called for the expeditious mainstreaming of the SAARC Development Goals (SDGs) in the national processes and completion of the Mid-term Review of the SDGs as scheduled. They further noted the useful finding and recommendations made by successive regional studies through the Regional Poverty Profiles (RPPs) and directed the relevant SAARC mechanisms to act on them. In this regard, they welcomed the offer of the Government of Nepal to host the Third Ministerial Meeting on Poverty Alleviation in 2011.

10. The Leaders welcomed Climate Change as the theme for the Summit and reaffirmed their commitment to address this challenge. In this context, they adopted the Thimphu Statement on Climate Change and directed that the recommendations contained therein be implemented in earnest.

11. The Leaders noted that while climate change impacted every country, the SAARC Member States as developing countries were shouldering a major burden, in spite of having contributed least to the problem. They emphasized that global negotiations on climate change should be guided by the principles of equity, and common but differentiated responsibilities and respective capabilities as enshrined in the UN Framework Convention on Climate Change, and should be conducted in an open, transparent and inclusive manner.

12. The Leaders, underscored the need to initiate the process to formulate a common SAARC position for COP16 and thereafter, including on issues such as separate financing for adaptation and mitigation as well as technology transfer. In this regard, they welcomed the offer of Bhutan to host an Inter-governmental Expert Group meeting.

13. The Leaders welcomed the Government of Nepal's initiative to organize a Ministerial Meeting of Mountainous Countries in Kathmandu later this year.

14. In pursuance of the recommendation contained in the SAARC Ministerial Statement on Environment on conservation of aquatic ecosystem, trans boundary bio-diversity zones, automated network of weather stations and regular and systematic sharing of scientific data, the Leaders called for focus on water management and conservation and development of cooperative projects at regional level in terms of exchange of best practices and knowledge, capacity building and transfer of eco-friendly technology.

15. The Leaders, deeply concerned by the extent of environmental degradation in the region, reiterated the importance of sustainably managing environment and development through adoption of eco-friendly approaches and technologies and that South Asia should become a world leader in low-carbon technology and renewable energies. They welcomed the signing of the SAARC Convention on Cooperation on Environment and called for its early ratification and implementation.

16. The Leaders, concerned by the increasing frequency and intensity of natural disasters, called for effective regional programmes in early warning, preparedness and management including response and rehabilitation while remaining within their respective national laws and procedures. They called for further negotiations and early finalization of the SAARC Agreement on Rapid Response to Natural Disasters.

17. The Leaders noted with satisfaction the ongoing initiatives in promoting gender equality and women's empowerment through regional cooperation. In this regard, the Leaders welcomed the announcement by the Government of Maldives to nominate a Woman Secretary General as the Tenth Secretary General of SAARC.

18. The Leaders appreciated the comprehensive directives of the Colombo Statement on Children of South Asia, specially highlighting the importance of the in-depth assessment of the SAARC Decade of the Rights of the Child (2001-2010) and its follow up. Recognizing the important role young people play in the region, the Leaders directed the development of a SAARC Youth Action Plan, in line with the SAARC Youth Charter, to guide regional cooperation in this area. To achieve this end, the Leaders directed to organize SAARC Youth Summit, involving policy makers and youth leaders from all Member States.

19. The Leaders underlined the important role of the SAARC Development Fund (SDF) for

financing regional and sub-regional programmes and projects. They welcomed the ratification of the SDF Charter. The Leaders also welcomed the inauguration and operationalization of the Permanent Secretariat of the SDF including the appointment of its first Chief Executive Officer (CEO). The Leaders also urged the importance of projects being funded through SDF are demand-driven, time-bound and aligned with the developmental priorities of the region. The Leaders also emphasized the need for the Member States to take full advantage of the mechanism of the SDF through expeditious clearance and implementation of the projects and programmes to promote the welfare of the people of the SAARC region, to improve their quality of life and to accelerate economic growth, social progress and poverty alleviation in the region.

20. The Leaders reiterated their commitment to implement SAFTA in letter and spirit. They emphasized the need to realize the full potential, through reduction of the size of the sensitive lists, acceleration of trade facilitation measures, and removal of non-tariff, para-tariff and other barriers. They directed the SAFTA Ministerial Council to work in earnest in these areas in a time-bound manner.

21. The Leaders welcomed the signing of the SAARC Agreement on Trade in Services and expressed that this will open up new vistas of trade cooperation and further deepen the integration of the regional economies. They called for the early ratification of the Agreement. The Leaders also called for the early conclusion of negotiations on the specific schedule of commitments under the Agreement.

22. The Leaders emphasized the need to strengthen the role of private sector in regional initiatives through appropriate mechanisms including through Public-Private Partnership as well as the need for greater intra-SAARC investment promotion efforts.

23. The Leaders underlined the need for taking concrete measures to improve trade facilitation. They directed the relevant SAARC bodies to expedite their work in these areas. They also recognized the importance of development of communication system and transport infrastructure and transit facilities specially for the landlocked countries to promote intra- SAARC trade.

24. The Leaders noted with appreciation that SAARC Commerce Ministers had coordinated SAARC position on WTO Issues and Doha Development Agenda during the Seventh WTO Ministerial Conference and agreed on the SAARC Ministerial Communiqué. They directed the Commerce Ministers to continue the process.

25. The Leaders emphasized the need to strengthen cooperation in education and directed greater interaction among the universities in the region towards undertaking of joint programmes on collaborative research and exchange programmes. They underscored the imperative of recognition of degrees, and where possible facilitation of credit transfers for open and distance education etc. They directed the expeditious finalization of mutual recognition of academic and professional degrees as also harmonization of educational curriculum in South Asia.

26. The Leaders took note of the Reports of the Steering Committee of the South Asian University, and appreciated the progress being made towards establishing the University. They also underscored the importance of establishing regional campuses of the South Asian University. They appreciated the announcement of the CEO of the SAU project office to initialize the first academic session of the University with effect from August 2010. Further they asked the Steering Committee to work towards finalizing the modalities of the University.

27. The Leaders called for collaborative efforts to achieve greater intra-regional connectivity and endorsed the recommendation to declare 2010-2020 as the "Decade of Intra-regional Connectivity in SAARC". They agreed on the need to expedite negotiations with a view to finalizing the two agreements on Motor Vehicles and Railways.

28. The Leaders, reiterating the centrality of connectivity to further deepen and consolidate regional integration, mandated the Chair to convene an Inter-Governmental Meeting to recommend specific measures to enhance multi- modal connectivity including air, sea and surface transport.

29. Acknowledging the enormity of the challenges related to food insecurity and poverty, the Leaders directed the SAARC Agriculture Ministers to vigorously pursue regional cooperation in agriculture covering all sub-sectors to enhance overall agricultural productivity. They called for regional efforts on increased sharing of best practices, technologies, techniques, and materials. Given the importance of quality seeds in enhancing productivity, they further directed early consideration of the concept of a regional seed bank, regional testing and certification of seeds, and a framework for transfer of plant genetic material and seeds. They agreed that South Asian agriculture must benefit from collaborative efforts from within and among SAARC countries by undertaking specific initiatives and projects.

30. The Leaders underscored the need for promotion of tourism to enhance greater people-to-people contacts in the region and called for

the creation of tourism-friendly environment. They welcomed the offer of the Government of Nepal to host the Third SAARC Ministerial Meeting on Tourism in Kathmandu in 2011 which coincides with the Nepal Tourism Year 2011.

31. The Leaders recognized the need to enhance cooperation in the energy sector to facilitate energy trade, development of efficient conventional and renewable energy sources including hydro-power. They emphasized the need to undertake studies to develop regional energy projects, promote regional power trade, efficiency, conservation and development of labeling and standardization of appliances, and sharing of knowledge and technologies.

32. The Leaders agreed that an Action Plan on Energy conser- vation would be prepared by the SAARC Energy Centre (SEC), Islamabad with inputs from the Member States and submit to the inter- governmental mechanism for consideration. They called for the creation of a web portal on Energy Conservation for exchange of information and sharing of best practices among SAARC Member States.

33. The Leaders noted the proposal from India for preparing a Roadmap for developing a SAARC Market for Electricity (SAME) on a regional basis, as SAARC is considering electricity trading, supported by enabling markets in the Member States.

34. The Leaders strongly condemned terrorism in all its forms and manifestations and expressed deep concern over the threat which terrorism continues to pose to peace, security and economic stability of the South Asian region. They reiterated their firm resolve to root out terrorism and recalled the Ministerial Declaration on Co-operation in Combating Terrorism adopted by the Thirty-first Session of the Council of Ministers in Colombo. They emphasized that the linkages between the terrorism, illegal trafficking in drugs and psychotropic substance, illegal trafficking of persons and firearms all continue to remain a matter of serious concern and reiterated their commitment to address these problems in a comprehensive manner. The Leaders emphasized the need to strengthen regional cooperation to fight terrorism and transnational organized crimes. They reaffirmed their commitment to implement the SAARC Regional Convention on Suppression of Terrorism and its Additional Protocol and SAARC Convention on Narcotic Drugs and Psychotropic Substances. They re-emphasized the importance of coordinated and concerted response to combat terrorism. The Leaders also recognized in this regard the value of the proposed UN Comprehensive Convention on International Terrorism and noted the progress made during the recent rounds of negotiations and called for an early conclusion of the Convention.

35. The Leaders welcomed the hosting of the Third Meeting of SAARC Home/Interior Ministers and related Meetings in Islamabad to review the implementation of relevant SAARC Conventions. They underscored the importance of the SAARC Convention on Mutual Assistance in Criminal Matters and called for its ratification.

36. The Leaders welcomed the Observers from Australia, the People's Republic of China, the Islamic Republic of Iran, Japan, the Republic of Korea, Mauritius, the Union of Myanmar, the United States of America and the European Union and appreciated their participation in the Summit. They acknowledged that Australia and Myanmar were attending the Summit for the first time. They appreciated the interest shown by the Observers to work with SAARC.

37. The Leaders welcomed the offer of the Government of Maldives to host the Seventeenth Summit of the Heads of State or Government of the South Asian Association for Regional Co-operation (SAARC) in 2011.

Bangladesh's Export to and Import from SAARC Countries (1999-00 to 2008-09)

Value in million US$

Year	Pakistan		India		Sri Lanka		Nepal		Bhutan		Maldives		Afghanistan		Total		Total Trade Deficit
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	
1999-00	32.16	83.72	64.86	832.62	4.77	8.35	0.37	2.15	0.78	4.38	0	0	0.48	0	103.4	931.2	-827.8
2000-01	32.08	95.30	62.28	1183.39	2.62	5.96	0.37	6.53	1.78	5.65	0.01	0	4.98	0	104.1	1296.8	-1192.7
2001-02	28.60	67.32	50.28	1019.47	2.07	6.14	0.66	3.34	1.64	3.91	0	0	7.30	0	90.55	1100.2	-1009.6
2002-03	31.51	67.98	83.61	1343.86	3.76	7.90	0.37	5.48	1.30	2.71	00	0	3.09	0	123.6	1428.0	-1304.4
2003-04	45.11	112.58	89.32	1601.73	10.35	7.39	0.84	4.12	0.93	5.43	0	0	4.22	0	150.8	1731.2	-1580.5
2004-05	63.12	140.24	144.19	2042.06	11.11	10.36	0.82	1.73	5.10	8.65	0.48	0	3.43	0	228.2	2203.0	- 1974.8
2005-06	57.74	149.87	241.96	1864.74	13.25	10.83	0.66	2.69	1.72	11.67	0.02	0	0.96	0	316.3	2039.8	-1723.5
2006-07	61.06	195.23	289.42	2268.11	14.82	14.71	0.88	5.09	1.40	9.98	0.27	0	0.77	0	368.7	2493.1	2124.4
2007-08	71.01	238.00	358.08	3374.49	19.32	15.22	6.71	52.80	1.35	13.70	0.08	0	2.77	0	459.3	3694.2	-3234.9
2008-09	76.21	286.93	276.58	2839.00	18.67	18.38	8.05	68.47	0.61	12.16	0.27	0	3.68	0	384.1	3224.9	-2840.9

Source: Annual Import Payment, Bangladesh Bank & Bangladesh Export Statistics, Export Promotion Bureau

ICC Hqs News

ICC Chairman says recovery is fragile and requires vigilance

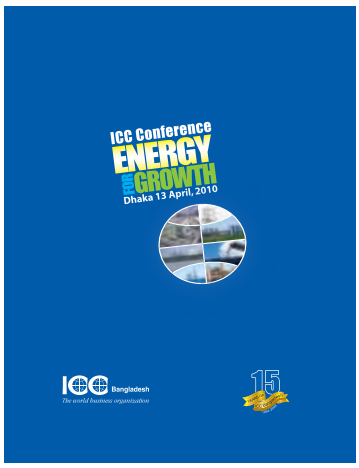
Although the world's economy averted the worst, the current recovery is fragile and it will take some time for the global economy to return to robust growth, ICC Chairman Victor K. Fung told an energy conference on April 13 in Dhaka.

"We did not fall over the precipice," Mr. Fung said at the inaugural ceremony of the ICC Bangladesh Conference on Energy for Growth to mark ICC Bangladesh's 15th anniversary. "But the precipice is still there."

He added that despite efforts by ICC and others it appeared highly unlikely that the Doha Round of trade negotiations would be concluded this year. "A successful conclusion of the Doha Round would have boosted confidence and shown the world that countries are able to work together for the common good."

Instead, he added, the global market is becoming at once more regional and bilateral, a situation that will not help countries such as Bangladesh, as South Asia lags badly behind other regions in intra-regional trade and investment flows.

The ICC-sponsored conference examined possible solutions to Bangladesh's chronic energy shortages, which are hampering growth even though the country continued to manage the 5-6% annual growth rate of recent years even during the recession. The production of electricity, however, falls far short of demand, a situation that has led the government to add additional generation capacity.



Bangladesh is believed to have huge gas and coal reserves that have not been exploited. "For the foreseeable medium-term projection, these will form the bases of power generation for the manufacturing sector," ICC Bangladesh said in a statement ahead of the conference.

The statement added that this situation poses a challenge for the private sector in that the establishment of new industries will have to consider the reality of the energy deficit. But it added that the private sector could also seize the opportunity to promote an economic environment that will allow immediate investment in power generation projects.

Referring to this situation, Mr. Fung said in his speech that the power deficit presents a major impediment to growth, competitiveness and social development. He said the negative consequences of the energy production crisis and the constraints in the transmission of the gas system have affected fertilizer production and the functioning of the country's textile, leather and ceramics industries among others. About 65% of Bangladesh's 160 million people have no power supply whatsoever, severely hampering human development.

"The point therefore is that even in a benign global environment, Bangladesh would be hampered due to its persistent energy crisis," he said.

The one-day conference discussed issues that included the available options to power project developers given Bangladesh's coal, oil and gas reserves; the legal and regulatory structures required to implement power projects successfully; and the possible sources of local and foreign funding to carry out planned energy projects.

Leaders at ICC World Business Summit examine roles of business and trade in development of post-recession global economy

The world's leaders are at an important crossroads as they tackle the question of how to press forward following the worst recession in decades, according to experts at the ICC World Business Summit in Hong Kong today, organized by the International Chamber of Commerce (ICC) and Hong Kong Trade Development Council. Speakers and delegates at the summit agreed that trade, employment and sustainable development are key drivers of economic recovery and future growth. They urged governments to support their job creation, export and sustainable development initiatives by ensuring that new employment opportunities are created for unskilled labour, protectionist pressures are kept in check and efforts are stepped up to address critical environmental issues. In addition, governments were encouraged to nurture innovation as a catalyst for the world economy to prosper.

Victor K. Fung, Chairman of ICC, said: "Following the financial crisis and economic downturn of 2008-2009, ICC felt it was important to talk about how the future global economy has been shaped by these events and what we can do to help ensure its stability and growth. Certainly, the specter of global unemployment, the delicate balancing act between trade, development and sustainability, and the dangers of trade protectionism are key areas that must be dealt with as we develop growth strategies. The excellent discussions and presentations today helped shed some light on these important issues."

The Summit, titled "New Global Economic Realities: Asia-Pacific Perspectives", addressed the transformation of the global economy, global solutions in an increasingly interdependent world, and how the financial and economic crisis has created new trade opportunities. It also gave particular emphasis to Asia-Pacific, the driver of the global economy and the region that proved most resilient during the economic downturn.

The Summit involved more than 400 participants, most of whom are senior management, business leaders and opinion leaders from around the region and the world. They included Martin Wolf, Associate Editor and Chief Economics Commentator for the Financial Times, and David Sokol, Chairman, President and CEO of NetJets and Chairman of MidAmerican Energy Holdings Company. Donald Tsang, Chief Executive of the Hong Kong Special Administrative Region, delivered the morning's keynote address. Chen Yuan, Chairman of the Board of Directors, China Development Bank, was the keynote speaker for the Summit luncheon.

Green issues and sectors were key focus areas during the Summit. "Sustainability is something that is already impacting daily business decision-making, and we can expect this trend to grow in the future," Mr. Fung said. "One aspect where there seemed to be consensus at the Summit is that we can expect consumers to



continue placing more and more value on green technology, which of course means that companies will have to act accordingly."

Participants also urged national governments to resist protectionism in response to adverse economic conditions, adding that such measures would only serve to exacerbate unemployment and hinder growth of the global economy and developing nations. Members called for the successful conclusion of the Doha Round and the promotion of multilateral trade.

During his presentation, Gary Hufbauer, Senior Fellow at the Peterson Institute for International Economics, alerted attendees that pressure is increasing on governments to institute protectionist measures on trade policies. "If only half the protectionist measures 'in the pipeline' in end-2009 were implemented in 2010 and 2011, the world economy could face a serious protectionist problem," he said.

The Summit, which was held at the Hong Kong Convention & Exhibition Centre,featured an opening speech on the global economic outlook by Martin Wolf, followed by Donald Tsang's keynote address. Moderating the subsequent breakout sessions were Mr. Hufbauer; Jean-Pierre Lehmann, Professor of International Political Economy at IMD in Lausanne, Switzerland, and Founding Director of the Evian Group; Kenneth Courtis, Founding Chairman of Themes Investment Partners; Joseph Bower, Baker Foundation Professor of Business Administration at Harvard Business School; and Martin Wassell, First Director, ICC.

Mr. Bower commented that the private sector has the ability to address issues such as global unemployment and migration by introducing "entrepreneurial solutions" that provide opportunities for unskilled labour. "We must avoid failed states," Mr. Bower said, adding that the right business strategies can "bring the unskilled and unserved into the market system".

The event also featured presentations from Leonardo Ferragamo, CEO, Palazzo Feroni Finanziaria and Honorary Chairman of the Altagamma Foundation, as well as Rajat Gupta, incoming Chairman of the International Chamber of Commerce and Senior Partner Emeritus of McKinsey & Company. The final panel discussion included Messrs. Wolf, Sokol, Ferragamo, Gupta and Fung, who also delivered the concluding remarks.

ICC, which has members in over 120 countries and is considered the leading voice for global commerce, reiterated that it will continue to support multilateral trade and the interests of business worldwide.

Gupta and Green take the reins as ICC Chairman, Vice-Chairman
Current ICC Chairman Victor K. Fung becomes ICC Honorary Chairman

Rajat Kumar Gupta, Senior Partner Emeritus of McKinsey & Company, becomes Chairman of the International Chamber of Commerce (ICC) today, succeeding Victor K. Fung, Chairman of the Hong Kong based multinational group Li & Fung. Stephen K. Green, HSBC Group Chairman, becomes ICC Vice-Chairman. The new leaders were elected by ICC's World Council during its meeting in Hong Kong, which brought together 80 of ICC's business members from 45 countries.



McKinsey & Company executive named new Chairman

Mr. Gupta, an Indian national who resides in the US, held a range of top management posts at McKinsey during his 34 years with the firm. He joined the company in 1973 and rose rapidly through the ranks, assuming leadership of its Scandinavian offices in 1973 and its Chicago office in 1981. In 1994, he was appointed the firm's Managing Director Worldwide, the first Managing Director to be born outside of the US. He was Senior Partner Worldwide from 2003 to 2007.

Mr. Gupta is an independent Director of Procter & Gamble, AMR Corporation, Harman International, Qatar Financial Centre, and a Strategic Advisor to Sberbank. He is also the Chairman of the Board of Genpact and New Silk Route Private Equity.

Mr. Gupta also possesses in-depth knowledge of the United Nations, having served as the UN Secretary - General's Special Advisor on UN Reform.

He is on the Board of the Rockefeller Foundation and is active in many non-profit institutions focused on education, health and development, including, Chairman of the Board of the Indian School of Business, Board of Associates of the Harvard Business School, Chairman Emeritus of the Global Fund for AIDS, Tuberculosis and Malaria, Chairman of the Public Health Foundation of India, Chairman of the Advisory Board of the Bill & Melinda Gates Foundation, and Co-Chair of the American India Foundation.

"I consider the ICC Chairmanship to be an honour and an opportunity," Mr. Gupta said. "I share ICC's strong commitment to open trade and a market economy, particularly in difficult economic times. The difference between promoting a 'resilient' economy and a 'stalled' economy depends, in large part, on whether policymakers choose open markets, open trade, and open competition – or adopt various forms of protectionism."

In accepting the ICC Chairmanship, Mr. Gupta paid tribute to his predecessor, Victor Fung, whom he called "a dynamic spokesman for business world- wide." Mr. Fung will become ICC's Honorary Chairman.

Stephen K. Green elected ICC Vice-Chairman

Mr. Green began his career with the British government's Ministry of Overseas Development and is currently Group Chairman of HSBC Holdings, based in London. HSBC is the world's largest banking and financial services group, with more than 300,000 employees in 88 countries and territories.

Mr. Green has been with HSBC for 28 years, having joined HSBC Ltd. in 1982 with responsibility for corporate planning activities. He took charge of the bank's global treasury operations in 1985 and in 1992 became Group Treasurer of HSBC Holdings, with global responsibility for the HSBC Group's treasury and capital markets. In 1992 he assumed responsibility for the Group's corporate banking business and, in 2006, became Group Chairman.



Apart from his corporate responsibilities, Mr. Green serves on a number of private and governmental boards. In 2006, he became Chairman of the British Bankers' Association. He was appointed Chairman of the Prime Minister's Business Council for Britain in 2009 and is also a trustee

of The British Museum and an honorary trustee of Peking University.

In 2010, Mr. Green was awarded an Honorary Doctorate from the University of London, which cited him for being a banker with a highly-developed sense of moral responsibility. An Anglican lay preacher, he has often stressed the need for a moral dimension in business practices. In a 2009 speech in Frankfurt, he said: "capitalism generally, and banking specifically, needs to reaffirm its commitment to contributing to social and economic development". He has also called for a review of pay and bonuses, saying it was urgent "to ensure that compensation structures in the banking industry do not encourage short-termism and excessive risk-taking."

Accepting the post of ICC Vice-Chairman, Mr. Green said: "ICC has been a strong advocate of open markets and sustainable development. These are principles I fully support." He cited his company's record on environmental issues, noting that HSBC has become "carbon neutral" in its own business. Mr. Green holds degrees from Oxford University and Massachusetts Institute of Technology.

Current ICC Chairman Victor K. Fung becomes ICC Honorary Chairman

Mr. Fung, the Chairman of the Li & Fung group of companies, becomes ICC Honorary Chairman today following two years as ICC Chairman.

During his term as Chairman, Mr. Fung is credited with strengthening



ICC's leading roles as the voice of world business especially to the G20, and as the creator of voluntary rules for the conduct of international business. He also worked tirelessly to reinforce ICC's worldwide network in all regions and to bolster ICC's position in thought leadership as a provider of services to international business. The ICC Research Foundation was founded under his chairmanship and he will continue to serve as its Chairman.

ICC calls on G8 and G20 to keep markets open

In the wake of one of the most challenging years in business history, ICC has called on G8 and G20 leaders meeting in Toronto this week to take action in three areas that are crucial to the future of the world economy: international trade and investment; climate change and energy; and intellectual property and innovation.

The ICC recommendations include prioritizing the restoration of trade finance levels, resisting protectionism, concluding the Doha Trade Round of trade negotiations before the end of the year, a list of specific steps to be taken for effective action on climate change, and upholding commitments to curb counterfeiting and piracy.

ICC, which represents companies from all sectors in more than 120 countries, regularly provides global business views to the G8 and G20.

The London G20 Summit in 2009 pinpointed international trade as an engine of economic growth. The current ICC statement cautions leaders that lurching into economic nationalism would seriously dislocate commercial activity and have far-reaching negative effects across supply chains worldwide.

World trade, which contracted by 12.2% in 2009, is forecast to rebound by 9.5% in 2010 if oil prices, major currencies and financial markets remain relatively stable.

"The multilateral trading system has again proven its worth during the worst economic crisis since the Great Depression of the 1930s," said ICC Chairman Victor K. Fung. "But we call on world leaders to avoid protectionist measures that would be detrimental to the still fragile economic recovery."

Given the present state of the world economy, ICC warrants that completion of the Doha Round of trade negotiations is more pressing than ever before. Expressing disappointment at the lack of progress in the negotiations, the ICC statement appeals for decisive leadership to bring the Round to a successful conclusion before the end of the year.

"A deal this year would send a strongly positive signal - just when it is direly needed - that governments can work together effectively to reinforce and update a central pillar of the international economic system," ICC said. "There are many hard-won, trade- and wealth-creating offers already on the table. These must not be lost."

In a call for continued efforts to restore trade finance to more normal levels, the ICC statement draws attention to a recent ICC survey that reveals prospects for strong and lasting trade recovery are mixed. Despite some positive signals, ICC notes that access to affordable trade finance remains constrained with small- and medium-sized enterprises facing the biggest obstacles.

"ICC believes it important to further enlarge multilateral trade finance programmes in order to expand both capacity and coverage, especially for low-income and export dependent countries," the statement said. "At the same time, national programmes should be reinforced to guarantee the flow of trade in times of economic stress and to provide refinancing options - in particular through export credit agencies.

Climate change and energy

Emphasizing synergies between comprehensive global action on climate change and multilateral rules-based trade, ICC states that economic growth and open trade provide the best conditions for the dissemination of climate-friendly technologies. ICC maintains that while the Copenhagen Accord reached at the United Nations climate change summit in 2009 was an important step forward, it did not give business the clear signals it sought to unleash



investment and deployment of cleaner technologies required to combat the problem. ICC noted however that the Accord can provide direction for important next steps if it can be translated into efficient and effective action.

"Despite the absence today of a post-2012 global framework agreement, companies worldwide will maintain their already substantial efforts to reduce greenhouse gas emissions, the ICC statement said. "The private sector is the most important innovator and investor in clean technologies but can do more if provided with clarity, predictability and flexibility through a global framework agreement."

Counterfeiting and copyright piracy

Leaving virtually no industry sector untouched, counterfeiting and copyright piracy has become a global epidemic, depriving governments of tax revenues, endangering the lives of consumers and undermining their confidence.

According to a new study by Frontier Economics, commissioned by ICC, counterfeiting and piracy cost G20 governments more than €100 billion a year in lost tax revenues and place 2.5 million legitimate jobs at risk.

ICC calls upon the G8 and G20 to commit their countries to introduce and effectively enforce sanctions that are real deterrents to intellectual property crimes.

Referring to ICC's Business Action to Stop Counterfeiting and Piracy initiative, the statement concludes: "[ICC] stands ready to assist governments the world over in the elaboration and implementation of effective anti-counterfeiting and piracy programmes at national level, and to advise them on improving cross-border cooperation."

Economy finding its footing despite setbacks
ICC/Ifo survey reveals

Public deficits, a decrease in tax revenues and schemes to reduce government deficits and debt accumulation, could be detrimental to the strength and durability of the economic recovery, according to the quarterly ICC/Ifo World Economic Survey released on May 19.

The world economic climate index remained on the recovery path rising from 99.5 points in the first quarter of 2010 to 104.1 points in April, indicating that despite risks remaining high the world economy is showing signs that it has found its footing.

The survey, which polled 1,154 economic experts in 110 countries



in April, revealed that Asia is the engine driving economic recovery, with a regional economic climate indicator reaching a six-year high. A particularly favourable assessment was given to India, Singapore and South Korea, while in China only the export sector is forecast by experts to strengthen further.

Despite a rosier outlook for many regions, the economic climate remains largely unchanged from first quarter findings of 2010 in the Euro zone. According to survey experts, Western Europe can expect the lowest growth in GDP in 2010. The debt crisis is still of particular concern with experts fearing that current problems in Greece could spread to other Euro countries.

With more than 20% of US exports destined for the Euro area, the debt crisis is also adding to uncertainty for the North America forecast. However,

expectations point to further economic improvements in the coming months with major hopes being placed on the export sector.

In response to a question on the expected impact of public debts and deficits on economic recovery, survey respondents envisage that mastering the budget problem in a way that is economically coherent and politically feasible remains a challenging task.

In Africa, while the road to economic recovery also remains rocky, the upcoming Football World Cup, in South Africa is helping to kick that economy back on track by attracting tourists and visitors to the country.

The quarterly World Economic Survey is conducted by the Munich-based Ifo Institute in cooperation with ICC. It assesses worldwide economic trends by polling transnational as well as national organizations worldwide on current economic developments in their respective countries. This allows for a rapid, up-to-date assessment of the economic situation prevailing around the world.

Chambers to unveil key innovations

Chambers from around the world were invited to join the fourth meeting of France's local and regional chambers (CCIPRO) showcase their latest products and services on 1 - 2 July in Nice, on the French Riviera, according to ICC news released on June 10.

CCIPRO has been held every two years since it launched in 2004. The event is an invaluable forum for chambers of commerce, especially for those operating under mandatory membership systems, to profile new products and services that support the economic development of local businesses and regions.

WCF has supported CCIPRO since the event began, as they both share the same mission of fostering peer learning and promoting the best chamber practices. CCIPRO offers a great opportunity for representatives of chambers to present a snapshot of their range of projects. This year's programme focuses on networking and innovating together. It includes workshops on an array of topics, from international trade to chamber expertise and cooperation.

CCIPRO will present 77 products and services designed for chambers of commerce that will be available on more than 60 stands.

Almost 70% of these products and services consist of new innovation concepts. Ten products and services will be selected for presentation to a jury and three will receive the 2010 awards, to be announced on 2 July.

ICC advocates a more strategic regulatory treatment of trade finance

ICC has called for a more benevolent treatment of trade finance, given the potential international trade has to drive the world out of recession, according to ICC press release issued on June 9.

The call came at a meeting of the Basel Committee on Banking Supervision (BCBS) with industry representatives in Frankfurt. The meeting provided an opportunity to discuss the BCBS reform programme, which aims to effectuate a banking and financial system that will act as a stabilizing force on the global economy.

Expressing concern that overly stern regulatory treatment of trade



finance might impede trade recovery, Jean Rozwadowski, Secretary General of ICC, told participants: "Trade finance deserves a more favourable and more strategic regulatory treatment, since it has historically maintained a low-risk profile in comparison with other financial instruments."

Trade finance is short-term and self-liquidating, and its success can be attributed in large part to the fact that its use is steeped in a set of clear rules set out by ICC. Mr. Rozwadowski told the meeting that the resilience of trade finance had been demonstrated during the worst crisis since World War II and underscored that its transactional nature had allowed banks to carefully manage exposures. "ICC notes that not a single bank defaulted because of trade finance," he said.

ICC applauds the BCBS's willingness to engage with industry representatives and is encouraged that the inter-institutional dialogue of the last few months has been constructive. "The meeting is a clear indication that BCBS is paying close attention to the impact of the new rules on the banking industry and the economy," said Mr. Rozwadowski. The G20 has asked for the reforms to be finalized by the end of 2010.

Recognizing that rules are much needed to strengthen the banking sector, Mr. Rozwadowski told the gathering: "Regulators need specific data and fact-based analysis to make sound judgment." To help, ICC, in partnership with the Asian Development Bank (ADB), has established a pilot trade credit default register to analyze trade finance performance data. ICC is now seeking to collect a full set of representative default data over a five-year timeframe, a period judged reasonable to reflect both the highs and lows of the recent credit cycle.

ICC urged the creation of a specialist trade finance working group to examine the issues that arise when the existing regulatory framework is applied to trade facilities. "ICC would be delighted to participate in the work of such a group if created by the Basel Committee," Mr. Rozwadowski concluded.

ICC concerned trade finance may suffer due to proposed bank leverage rules

ICC has expressed concern that proposals to introduce a new framework to limit excessive leverage in the world's banking system may have unintended, negative consequences on trade finance, and it urged the creation of a special trade finance working group to examine the problem.

According to ICC press release issued on May 4, the concern was raised in an ICC paper responding to the Basel Committee on Banking Supervision's consultative document on "Strengthening the Resilience of the Banking System." Last month ICC also released the results of a trade finance survey among 161 banks in 75 countries showing that while demand is high, access to affordable trade finance remains constrained.

The trade finance survey revealed mounting evidence that the implementation of the existing capital adequacy regime under Basel II was contributing to the current drought in trade finance. It said the proposed changes to limit leverage could significantly reduce the flow of trade at a time when increasing trade is crucial to ensure a global recovery from the recession. Furthermore, the changes as they are envisioned classify trade-and transaction related exposures as risky, when



they actually provide risk mitigation and structure to the trade of goods and services.

Citing broad concerns about the impact of Basel II on trade financing, ICC urged the creation of a specialist trade finance working group to examine the issues that arise when the existing regulatory framework is applied to trade facilities. "ICC would be delighted to participate in the work of such a group," the paper said.

The proposals being considered to reform the Basel II framework would increase the Credit Conversion Factor (CCF) for all off-balance sheet exposures, including trade products, to 100% when calculating a leverage ratio constraint. This compares with just 20% for trade - related contingencies and 50% for transaction related contingencies under the current Basel II framework.

"ICC considers that this blanket approach to 'off-balance sheet' items under the proposed leverage ratio is based on a fundamental misunderstanding of both the operational context and the mechanics of trade financing," the ICC paper said.

It added that increasing the CCF to 100% for trade-and-transaction -related contingencies when calculating the leverage ratio could adversely affect the provision of trade finance instruments since banks could achieve higher yields with non-trade products.

ICC said the proposed changes should be amended to exclude trade related contingencies as well as transaction related contingencies since these are not used to lever a bank's balance sheet. "As such, ICC recommends that if a leverage ratio is to be adopted, off-balance sheet trade products should be allowed to retain the CCF values used by banks under the current 'risk weighed assets' calculation," the paper said.

ICC publishes tenth edition of popular IP Roadmap

The tenth edition of ICC's popular "Intellectual Property Roadmap for Business and Policy Makers" released on April 7, with updated information on all the major IP issues including patents, trade-marks, copyright issues and discussions of less established areas such as the protection of databases and genetic resources.

Published annually from 2000 to 2008, the IP Roadmap is now revised every two years and is translated into Chinese, Spanish, Arabic, and Portuguese.

The latest edition addresses cross cutting issues such as enforcement, problems in international litigation and on the Internet; the arbitration and mediation of IP disputes; counterfeiting and piracy; and the exhaustion of IP rights.

The interaction between IP and other policy areas such as economic development, the environment, technology development and transfer, competition policy, the use of open source software and data privacy are also examined at length.

World Chambers Congress marks one-year countdown



The 7th World Chambers Congress in Mexico City is exactly one-year away and as preparations gear up, the ICC World Chambers Federation has unveiled a new website and ways for delegates to participate to mark the occasion, as Organized by ICC World Chambers Federation (WCF) and the Mexico City National Chamber of Commerce (CANACO), the Congress which will be inaugurated by Mexico's President, Felipe Calderon, promises to be the most prominent event of 2011 for chamber executives and business leaders alike.

"Mark your calendars now," said Rona Yircali, WCF Chair. "As we emerge from the global economic crisis, the timing of the Congress is vitally important. Join us for this engaging and enlightening step forward, which promises to be as professionally significant as it will be personally gratifying."

The new website is a one-stop portal giving the latest news on every aspect of the Congress featuring information on the event venue, programme, sponsorship opportunities, and ways to get involved with the Congress.

Dubai and Qatar bid to host 8th World Chambers Congress.

The Chambers of Commerce from Dubai and Qatar have placed their bids to host WCF's 8th World Chambers Congress in 2013, bringing the event for the first time to the Middle East, according to ICC news issued on April 27.

"The World Chambers Federation (WCF) is extremely pleased to have bids from two top-rate candidates for its first congress in a region of growing economic and cultural importance," said Rona Yircali, Chair of the WCF. "Whoever wins the bid, we are certain to have a well-organized, efficient and exciting congress."

Both Dubai and Qatar have experienced phenomenal eco-nomic growth in recent years, becoming trade and business hubs for the region as well as major tourist destinations. In its bid the Qatar Chamber of Commerce and



Industry will put forward its effort to balance economic growth with legislation supporting sustainable development to preserve natural resources and the environment. For its part, Dubai Chamber of Commerce and Industry will emphasize its role as regional leader not only in trade but also in the fields of culture and the arts.

"Our bid to host the World Chambers Congress reflects our ongoing commitment towards promoting Dubai as an inter-national business hub and creating a favorable business environment for all," said Hamad Buamim, the Director General of the Dubai Chamber of Commerce and Industry.

He added that Dubai had become the world's gateway to numerous emerging markets "thanks to its world-class infrastructure, sate of the art business facilities, and the strategic vision of its leaders."

Qatar's bid pointed to the construction of a national convention centre that will become the largest convention and exhibition centre in the Middle East when it is completed in mid 2011. "As the gateway to the Indian, Far East, Southeast Asian and Far East economic powerhouses, as well as the consumer markets of the west, Qatar is uniquely suited to host the World Chambers Congress," remarked Sheikh Khalifa Bin Jassim AL-Thani, Chairman of the Qatar Chamber of Commerce and Industry.

Both organizations had registered their interest several years ago to host the event, with their letters of intent to bid to for Congress received before the 31 March deadline. Each will present why their destination is the best location for WCF to hold the Congress on 15 September at the WCF General Council meeting in Paris. The Congress Selection Committee will then submit their bid books to the jury members before 15 October, with the result of the 2013 host to be announced by WCF's Chair in November.

ATA Carnet Council re-elects Chairman Peter Bishop

The WCF World ATA Carnet Council (WATAC), responsible for monitoring ATA operations, has re-elected Chairman Peter Bishop to serve a further three-year term. Managed jointly by the ICC World Chambers Federation and the World Customs Organization, the ATA Carnet system enables duty-free and tax-free temporary import of professional equipment, commercial samples, and goods for trade fairs and exhibitions for up to one year. Chambers in 67 countries issued more than 150,000 Carnets in 2009, for goods valued at more than US$17 billion.



Mr. Bishop first became WATAC Chairman in 2004, succeeding Patrick Coidan from Switzerland, and was re-elected in 2007.

Mr. Bishop is Deputy Chief Executive of the London Chamber of Commerce and Industry where he is responsible for the Chamber's international trade activities which include documentation, a European Information Centre, events, trade-missions and exhibitions.

In a typical year the London Chamber issues over 140,000 export and import documents, answers 5,000 trade enquiries, and organises 12 trade missions, and 30 export seminars each year. Mr. Bishop also overseas the chamber's Asian Business Association and information service.

ICC Taxation Commission announces new Chair

Theo Keijzer, Vice President Tax Policy at Shell International in The Hague, has taken over the helm as Chair of the ICC Commission on Taxation. Having served as Vice-Chair since May 2006, Mr. Keijzer replaces Robert Couzin, who stepped down from the post at the spring meeting of the commission in Paris last month, according press release issued on June 1.The ICC Commission on Taxation promotes an international tax system without tax obstacles to cross-border trade and investment.

"Globalization is accelerating like never before," said Mr. Keijzer. "Globalization today is different from five years ago and will be different in 2015. Consequently, global welfare for all citizens of the world and countries' finances will improve with a global tax landscape without barriers. It would enable business to conduct activities in an efficient manner and with a business optimal organizational structure. I'm fortunate to be given the chance to work towards this ICC goal together with all the commission members."



A member of the Taxation and Fiscal Policy Committee of the Organisation for Economic Co-operation and Development's Business and Industry Advisory Committee, Mr Keijzer is a regular contributor to debates on a variety of international taxation issues.

Moldova next in line to join ATA chain

The Republic of Moldova will become the 67th country to join the ATA Carnet system as of 1 July 2010. With a modest recovery predicted for the Moldova economy in 2010, the move will help facilitate trade and open new business opportunities with the country.

The Chamber of Commerce and Industry of the Republic of Moldova has been approved as the national guaranteeing and issuing organization.

"ATA Carnets are a useful tool to aid efforts to attract investment and identify new markets," said Peter Bishop, Chair of the WCF World ATA Carnet Council that monitors ATA operations. "Joining the system can help countries such as Moldova boost their export markets."

Prior to Moldova, Montenegro was the last country to join in 2008. Bangladesh, Mexico, Bosnia and Herzegovina, and the United Arab Emirates are also expected to join in the near future.



2010 World Business and Development Awards Launched

The International Chamber of Commerce (ICC), the United Nations Development Programme (UNDP), and the International Business Leaders Forum (IBLF) are pleased to open nominations for the 2010 World Business and Development Awards in support of the Millennium Development Goals (MDGs) eight internationally agreed goals to alleviate poverty by 2015,according to ICC news issued on May 19.



Created in 2000, the Awards recognize the key contributions the private sector has made to the MDGs, demonstrating how innovative business models, backed by strong partnerships, can enjoy commercial success and at the same time improve the lives of millions of people.

With the deadline for MDGs achievement set for 2015, the UN system has devoted 2010 to building a renewed momentum for working toward them. In less than 150 days, leaders from business and government will convene in New York for the special MDGs summit, hosted by the UN Secretary-General. The Summit aims to produce a global action agenda, specifying the roles and partnerships – including those of the private sector - required to achieve the Goals.

The deadline for nominations for the World Business and Development Awards is 1 July 2010. Companies, institutions and associations of all types and sizes are invited to participate by nominating a project that documents business activities leading to progress in one or more of the MDGs.

The winners will be announced and presented with an award on 21 September 2010 in New York on the sides of the MDGs summit during a ceremony presided over by high-level officials. Winners will be profiled in the publications and on the official websites of ICC, UNDP, Business Call to Action, and IBLF.

Internet Governance is a cooperative undertaking says business

When Internet policy is implemented the effects are far reaching, transcending national and regional boundaries, and affecting all. That is why no one group can or should address Internet governance alone.

Representatives of ICC and its initiative Business Action to Support the Information Society (BASIS) delivered this message on behalf of business at the 3rd European Dialogue on Internet Governance (EuroDIG).

Entitled DIGging into the Internet Future, this year's EuroDIG tackled several critical issues for business and other Internet users including cloud computing, cybercrime, the role of sovereign states in Internet governance issues, global privacy challenges and new generic top-level domain names.

Hosted by Telefónica in its new headquarters, EuroDIG drew over 400 participants from governments, business, civil society and the technical community as well as over 50 remote participants.

EuroDIG is the pan-European regional Internet Governance Forum (IGF), a UN-linked, unique platform - open to all stakeholders - that facilitates frank discussion on Internet governance issues.



Worldwide hijackings fall but pirates expand area of operation

Somali pirates were responsible for 35 of the 67 piracy incidents reported worldwide during the first quarter of the year, the ICC International Maritime Bureau (IMB) reported on April 21.

The number of incidents represents a sharp drop from the 102 attacks reported during the first quarter of last year. "This marked reduction can be attributed to the continued presence and success of the navies in the Gulf of Aden along with the robust anti-piracy measures adopted by the merchant navy fleet," the report said.

Twenty-six vessels were boarded during the first quarter of 2010, with 18 ships fired upon, 12 suffering from attempted attacks, and 11 vessels hijacked. A total of 194 crew members were taken hostage, 12 of whom were injured.

The east and south coast of Somalia recorded 18 incidents including five vessels hijacked and 11 fired upon in the first quarter of 2010 compared with 21 incidents including four vessels hijacked and 11fired upon for the corresponding period in 2009. Within the Gulf of Aden and in the adjacent Red and Arabian Seas 17 incidents were reported, including the hijacking of four vessels, compared with 41 incidents, including five hijacked vessels, in the first quarter of 2009.



"Somali pirates are dangerous and are prepared to fire their automatic weapons and rocket propelled grenades at vessels in order to stop them," the report said.

But even as the total number of incidents decline, the range of action by Somali pirates continues to expand, spreading from the Gulf of Aden and the southern part of the Red Sea to the coasts off Kenya, Tanzania, the Seychelles, and even Madagascar in the Indian Ocean and Oman in the Arabian Sea.

IMB Director Captain Pottengal Mukundan said that attacks so far from the Somali coast can be possible only through the use of mother ships, some of whom have been destroyed by the navies of the various countries that are operating in the area. Mother ships are large vessels from which smaller boats or skiffs can take to sea, thus allowing the pirates to go increasingly further into the ocean.

Indonesia reported eight piracy incidents during the first quarter, compared with only one incident for the corresponding period last year. It was the highest number of first quarter incidents the country has seen in two years. It should be noted that while the number of incidents has risen, many were low level attacks against vessels at anchor or at berth.

In the first quarter of 2010, no incidents were reported in the Malacca and Singapore Straits, and only one incident was reported off the coast of Bangladesh.

ICC announces revision of arbitration costs

The International Chamber of Commerce has announced a revision of its current arbitration costs and fees. The changes had effective from 1 May 2010 and apply to all arbitrations commenced on and after that date.

The revision does not change ICC's traditional method of calculating administrative costs and arbitrators' fees on the basis of the amount in dispute. However, the rates applicable to each 'slice' of the amount in dispute have been adjusted. An increase averaging 0.14 of a percentage point has been applied to most slices. At the top end of the scale, a new slice has been added to distinguish between cases valued at US$ 100–500 million and those over US$ 500 million. In the latter cases, a flat rate of US$ 113,215 will be charged for administrative expenses and arbitrators' fees will be calculated using rates that are the same, or slightly less, than before. The initial payment required when filing a request for arbitration has been raised from US$ 2,500—the level at which it has been held since 1998—to US$ 3,000. ICC Arbitration costs were last revised in January 2008.



As an example of changes resulting from the new scales, the advance on costs requested in a case valued at US$ 1 million submitted to a sole arbitrator might rise to US$ 61,093 from US$ 56,485 presently, and the advance in a case valued at US$ 25 million submitted to a tribunal of three arbitrators, to US$ 480,989 instead of US$ 447,730 presently (these examples do not include arbitrators' expenses). Cost estimations for other amounts in dispute may be obtained using the arbitration cost calculator available on the ICC Court website.

The costs of ICC Arbitration are regulated by Articles 30 and 31 of the ICC Rules of Arbitration and Appendix III to those Rules. Only Appendix III has been changed.

WTO News

First quarter of 2010 sees world merchandise trade value rise by about 25%

The value of world merchandise trade was around 25% higher in the first three months of 2010 than in the same period of 2009, according to WTO figures released on 2 June 2010. Global exports rose by 27%, while imports rose slightly less, at 24%. These are "year-on-year" quarterly comparisons.

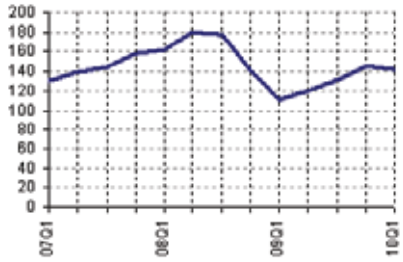
In comparison with the last quarter of 2009 ("quarter on quarter"), the figures show a slight decrease.

Quarterly data are released two months after the end of the reference quarter. Monthly statistics are updated on a daily basis, along with releases of new values by the respective national statistical authorities.

Technically, these data refer to "current" US dollars, ie, they are not adjusted for inflation. Therefore, they cannot be compared with the annual trade growth figures headlined in the 26 March 2010 press release. These headline figure use "constant" dollars, with inflation taken into account.

Chart 1: World merchandise exports, first quarter 2007 to first quarter 2010

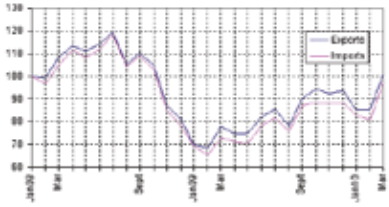
Indices, first quarter 2005=100



Available monthly statistics for about 70 economies representing about 90% of world trade show that merchandise trade declined in January and February 2010, then rose sharply in March.

Chart 2: Monthly merchandise trade, aggregate of 70 economies

Indices, January 2008=100



Overview of regional trade flows

Fuelled by Asia's demand and commodity prices, exports of Africa, the Middle East and the Commonwealth of Independent States were more than 50% higher than in the corresponding period of 2009.

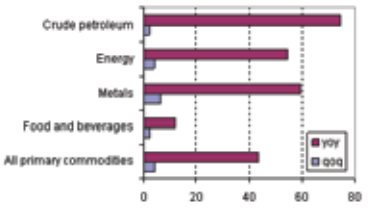
a. Includes significant re-exports or imports for re-exports.

b. "Intra EU" is trade within the EU; "extra EU" is trade between the EU and non-EU economies.

c. Hong Kong, China (excluding re-export trade), Republic of Korea, Malaysia, Singapore, Taipei, Chinese, and Thailand.

Chart 3: Commodity price developments first quarter 2010

Percentage change



Source: IMF

Table 1: World merchandise trade by region and selected economies, Jan-Mar, 2010

Percentage change in current US dollars, year-on-year and quarter-on-quarter

Exports			Imports	
Y-o-Y	Q-o-Q		Y-o-Y	Q-o-Q
27	-3	World (a)	24	-2
23	1	North America	22	-1
20	1	United States	21	-2
24	4	Canada	22	1
28	-1	South and Central America	19	-1
26	-5	Brazil	36	4
18	-5	Europe	16	-3
18	-5	European Union (27) (b)	16	-3
16	-4	intra EU	16	-4
22	-7	extra EU	16	-1
54	-6	Commonwealth of Independent States (CIS)	13	-24
62	-3	Russian Federation	18	-25
53	2	Africa and the Middle East	9	-7
34	-4	Asia (a)	45	1
29	-11	China	65	3
33	13	India	55	3
48	1	Japan	23	2
39	0	Six East Asian traders (c)	48	4

DG Lamy receives Kiel Institute's 2010 Global Economy Prize

WTO Director General Pascal Lamy received Sunday, 20 June, the 2010 Global Economy Prize from Germany's Kiel Institute. Also collecting awards were Liz Mohn, vice-chairwoman of the board at the Bertelsmann Foundation and Paul Krugman, Professor of Economics at Princeton University and a columnist for The New York Times. This is what he said:



I am, of course, extremely honoured to find myself among the winners of the Kiel Institute 2010 prize in a category that includes a number of illustrious people with whom I have had the pleasure of working in the past, such as Helmut Schmidt, Jacques Delors and Mary Robinson.

If I understand correctly I am being awarded this distinction for the role I have played throughout my career, including in my current position, in defending and promoting the principle of an open, socially oriented market economy.

This has been my conviction for a very long time. The fact that I remain critical of market capitalism is due more to the present mix of capitalism and market economy, which I regard as both unstable and unfair, than it is to the actual principle of open markets.

Market capitalism has economic virtues in terms of efficiency in the allocation of resources and in its underlying philosophy of openness which have proven their worth, notably in matters of development. Nonetheless, we have to admit that this model has been, is, and will continue to be, profoundly challenged by the rapid economic growth and major technological advances that are both a by-product and a cause of globalization. Mankind has witnessed such developments in the past, but never yet on such a worldwide scale and at such a rapid pace.

Globalization magnifies both the advantages and the risks of an economy based on the smooth functioning of markets. It enhances the advantages of efficiency and growth resulting from the specialization and economies of scale produced by competition. But it also augments the risks of instability and growing inequalities, compounded by changes in the scale of environmental externalities.

The current economic crisis is a case in point not only in terms of its origins and the global response designed to address it, but also in terms of its seismic impact on the European continent.

In my view, the response to these challenges requires a mix of economics, anthropology and international policy; three different approaches, derived from separate branches of knowledge that need to be considered together.

I shall begin with economics, which is the main focus of your Institute, and in particular with international economics, Paul Krugman's specialty. I think his contribution to New Trade Theory and New Economic Geography is essential to understanding international economics today. I also think we must go further into a deeper analysis of the components of the international division of labour, that is, the "global production chain", the integration of goods and services, and its quantitative and qualitative impact on employment.

This is why I recently suggested changing the traditional ways of measuring international trade. Rather than using gross, cross border flows, which give a distorted view of competitive reality, we should opt instead for an assessment of trade in terms of value added. The actual role of countries in international trade would be more clearly revealed by an assessment of the value added content of their exports. We would also get a better overview of the labour content of trade. I would like to encourage the Kiel Institute to join our efforts in this regard under its research programmes.

Now to anthropology. It may appear somewhat strange to turn to this branch of the humanities for a better analysis of globalization. But I think this is the science that can help us decode a number of political attitudes towards globalization, and especially the feeling of threat to identities that has grown in its wake. And it would also throw light on what is at stake in market exchanges, if for no other purpose than to recognize that they must not lead to the stifling of other forms of exchange based on giving, on generosity, of which we see so many examples in the cultural activities dear to Liz Mohn and the Bertelsmann Foundation.

Lastly, there is political science, the science of governance of things and people, which we know must, from now on, transcend the intellectual borders of the Westphalian order and master the interdependence of national structures. This is a significant challenge, to judge by the upheavals that have marked the building of the European Union, which nonetheless remains the laboratory in which this new form of governance is taking shape.

We may be seeing the very first signs of this in the triangle that has recently emerged, bringing together the G 20 leadership, the international organizations' capacity to mobilize expertise and financial resources, and the legitimacy of the United Nations system. This triangle needs to be consolidated and each of its sides drawn if we are to lend credibility to the idea that unfettered globalization does not prevail over politics. Should the opposite sentiment prevail, that is, if economic developments were felt to overrun politics, this would give rise to reactions based on identity that would pose a threat to democracy.

So there, my friends, are a few pointers that may help to reconcile the progress embodied in open and competitive economies with social models that will continue to mark different cultures and identiti es- a newarchitecture of political powers based on the principle of democratic legitimacy, which we know is difficult to achieve in the supra national context. An arduous task indeed, but a task that is commensurate with the worthwhile ambitions of institu- tions like the one that brings us together today.

Thank you for your attention.

Lamy urges more trade finance for developing countries

Director-General Pascal Lamy, in his keynote address to the Global Commodities Finance Conference in Geneva on 9 June 2010, warned that lower-income developing countries, particularly in Sub Saharan Africa, continue to face “strong constraints” in trade finance despite the return of liquidity to the bulk of trade markets. He said that concluding the Doha Round would significantly reduce “current distortions in the global commodities markets, particularly those that impact on developing countries”. This is what he said:

Good morning ladies and gentlemen,

Let me start by thanking the organisers of this conference for inviting me. I am also pleased to see Mr Jean-Francois Lambert as the Chair for this session. He is an active member of the WTO Expert Group on Trade Finance which monitors global trade finance developments and we benefit from his insights, as well as from other prominent players of the trade finance community.

This conference is timely for us in the WTO, for two reasons: first because we are in the process of finalising our annual flagship publication, the World Trade Report 2010, whose theme will be “Trade in Natural Resources: Challenges in Global Governance”. We will therefore keenly follow your discussions here. Second, trade finance will be on the menu of the G-20 summit in Toronto later this month. This would be a good moment to review progress on the support package on trade finance that the G-20 London summit set up last year and try to further focus it on trade finance providers and traders that need it the most.

While the majority of you here engage in the financial trading of commodities, at the WTO, our members engage in setting and implementing the rules that govern global trade; that includes indeed trade in commodities. So I guess, one can say we are serving a similar purpose, which is to make trade possible, to ensure that the transmission belt between demand and supply works smoothly.

The global commodity trade is an important component of WTO members' exports, particularly the developing and emerging economies among them.

Trade in natural resources represents an important and growing share of world trade. In 2008, at the height of commodity prices, this share was around 24 per cent of total global merchandise trade in dollar terms. This includes of course trade in oil and fuels, minerals and food commodities.

It is also worth noting that in the global financial markets, commodities are now recognised as a major asset class, making up approximately 15 per cent of banks' fixed income revenues. According to recent research by Citigroup analysts, bank revenues from trading are expected to be 15 per cent to 20 per cent down from 2009, with commodities being the only sector with expected growth.

For developing countries, commodities, including cotton cocoa, minerals and so forth represent a significant share of their exports and in some economies in Africa and the Caribbean this share is as high as 80 per cent.

The question therefore should not be whether trade in commodities is important to global recovery efforts, but how do we ensure that commodities play their expected role in these efforts. Part of the answer lies in the availability and affordability of commodities trade finance, in all regions of the world, particularly those which are more commodity trade dependent. The other part of the answer has to do with the multilateral trade rules that regulate global commodities trade.

Trade finance is the oil that keeps the wheels of global trade running; hence our active interest and ongoing participation in global initiatives to address the impact of the global financial crisis on the

availability and cost of trade finance. The fact is that around 80 per cent of world trade is financed by some form of credit.

You all know that in the midst of the financial crisis the supply of trade finance had fallen short of demand, both in volume and value, in a context of liquidity shortage and re-assessment of counterparty risk, hence raising fears that this would deepen the collapse of trade and hence the recession. We have received reports that the financing of some important commodity trade deals in developing countries, in particular in Africa, had been difficult to syndicate, such as, for example, in 2009 the pre-export financing of Ghana's cocoa crop.

Since the second half of 2009, though, the global trade finance market situation has eased up. According to trade finance experts which last met on 18 May 2010 at the WTO, liquidity has returned to the bulk of trade markets. Despite this overall positive assessment, experience differs widely across regions, with emerging markets leading the recovery. And although liquidity is less of an issue, the problem remains one of aversion to risk, particularly in smaller players in smaller markets.

While our experts tell us that there is a large appetite for risk and ample liquidity to finance trade from China, India, Brazil and Korea, at the lower end of the market, there continues to be strong constraints. This is particularly true for Sub Saharan Africa where some financing capacity seems to have been lost. At this stage it is not possible to determine whether this is permanent or temporary. The explanation given by global commercial banks is that the cost of collecting information on counterparty risk is high and that coupled with the low profitability of small operations in the region, trade financing remains unattractive, particularly on the import side.

Given the commodity dependence of these countries, this remains a serious matter for concern: financing commodity exports and not imports would be a short-sighted strategy. Import financing is also allowing for essential inputs to make future exports, be it commodity-based, competitive. Should you wish to be regarded as long-term partners for their development, you might wish to remain involved in the financing of substantially all trade of low-income countries, and keep your lines of credit open, not just for the most profitable commodity deals, where I guess competition for offering financing will tighten when commodity prices start to go back up again.

On the side of public backed institutions, which have done a good job at supporting trade finance during the recent period, particularly in regions that had suffered from the retreat of global commercial financial institutions, we should avoid to wind down the G-20 trade support package too rapidly. Clearly, credit risk support will still be needed for some time to go but official support and emergency financing will not remain forever.

It will therefore be up to you to allow for greater exposure to places such as Africa, Central America, Central Asia, and other areas where access to trade finance remains a problem where prices have not returned to affordable levels.

While trade finance for commodities trade is crucial for ensuring that trade flows, the environment within which this takes place is equally critical. This is why for the past nine years, WTO members have been working hard to revamp the rules that regulate multilateral trade and to better level the playing field. As you know, commodities trade suffers from distortions that can be traced back to the colonial times and as such are structured in favour of rich countries at the cost of developing ones. A good example is the fact that there is still an imbalance in the WTO rules between the stringency of the rules for imports, and their laxity for exports. Or that tariffs escalate as products undergo a transformation and value added, an old feature of the
colonial rule which would at last disappear if we were to conclude the Doha Round.

Concluding the Doha Round would address not only tariffs, but also subsidies and non-tariff barriers, thus significantly reducing the current distortions in global commodities markets, particularly those that impact on developing countries' trade performance, including in sectors like cotton or fisheries to name a few.

Whether the WTO, in the future, should step further in commodities trade rules than the already mandated negotiations is for WTO members to decide. We will provide them, and you all, with food for thought on this issue at the end of July, when we will be launching in Shanghai our 2010 World Trade Report which we have devoted to trade in natural resources.

At this stage, let me conclude in saying that the timely conclusion of the Doha Round, coupled with improved conditions in the trade finance market, will go a long way in ensuring a timely exit from the current crisis. And as we are already seeing, the recovery we are witnessing is to a large extent commodity driven. You therefore have a stake in making this a sustained recovery.

Thank you for your attention.

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