ICC Bangladesh
*The world business organization*

July - September 2010

# NEWS BULLETIN

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## A new horizon of regional integration

# Speaking about ICC Bangladesh

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

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

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

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

Again in 2004 ICC Bangladesh organized a Conference on "Global Economic Governance and Challenges of Multilateralism" which was inaugurated by the then Prime Minister Khaleda Zia, M.P. and the then Prime Minister of Thailand Dr. Thaksin Shinawatra was the Keynote Speaker. A galaxy of leaders including heads of governments & ministers from developed, developing and least-developed countries as well as heads of multilateral organizations including WTO and EU were present. More than 500 participants from 38 countries (3 continents) participated in this event.

In 2005, ICC Bangladesh organized a Regional Seminar on Capital Market Development: Asian Experience. The Regional seminar inaugurated by the President of the People's Republic of Bangladesh Professor Dr. Iyajuddin 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) progromes for development of professional skills of bankers and those dealing with international trade.

This year, ICC Bangladesh arranged a Conference on Energy for Growth on April 13 coinciding with the 15 years of ICC's presence in Bangladesh. The Conference was attended by more than 700 business persons from home and abroad of whom 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 Bangladesh Energy Regulatory Commission (BERC), Petrobangla ( Bangladesh Oil, Gas and Mineral Corporation) and Power Development Board (PDB), Business Leaders and Senior Bankers participated as Speakers.

Besides, during the year, the National Committee also conducted workshops on International Trade Fraud: Prevention, Control & Remedies in February in Dhaka and Chittagong and on New URDG in Dhaka and Chittagong in August for bankers and other professionals dealing with international trade.


Bangladesh

**International Chamber of Commerce - Bangladesh**

*The world business organization*

**National Secretariat**
Suvastu Tower (6th floor)
69/1 Pantha Path, Dhaka-1205, Bangladesh
Tel: +880 2 862 1942, 967 6698, Fax: +880 2 862 1027
E-mail: iccb@bdmail.net, web: www.icc-bd.org

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

ICC Bangladesh

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## The Executive Board

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Mahbubur Rahman

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Latifur Rahman

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# Editor's Note

**Revival of ancient Southern Silk route: Opening of new opportunities**

In today's free market economy, connectivity not only opens the way to trade and commerce, but also plays a vital role in reinforcing relations among neighboring countries. China's Yunnan Province Governor Qin Guangrong during his recent visit to Bangladesh expressed the keen interest of China to have road and rail communications between the two countries through Myanmar. Besides, China is also interested for supporting Bangladesh in building a deep seaport.

The present bilateral trade between the two countries has surpassed US$ 4.5 billion, although Bangladesh has been suffering around $4 billion trade deficit. In spite of the world wide recession, the bilateral trade between the two countries did not affect in a big way. China has emerged as the biggest source of import for Bangladesh; being ranked as the third biggest export destination for China in the South Asian Region. This July, China has extended a generous offer of tariff-free access to 4,762 products from 33 LDCs including Bangladesh. Earlier, duty free access to 84 products from Bangladesh under the Asia Pacific Trade Agreement (APTA) was offered to reduce the widening trade imbalance. So, there is an opportunity to expand export of Bangladeshi products.

According to Board of Investment (BoI), Chinese investment in Bangladesh till 2007 is only about US$ 300 million. China is looking for relocation of a number of key export oriented industries to countries having cheaper labour force. Bangladesh can definitely attract such relocation and increase Chinese investment.

Yunnan Province of China is strategically very important as it connects China with the South Eastern and South Asian countries. Regional cooperation will be enhanced through connectivity for mutual benefit of the people of this vast region. The proposed rail and road connectivity between Kunming and Chittagong would link with the road running through Myanmar to the Chinese city and beyond. Once it is established, Bangladesh would be connected by road to almost the whole of the lucrative markets of the ASEAN (Association of South East Asian Nations) countries.

Bilateral relationship between Bangladesh and Myanmar is also growing through a brick-by-brick process. The country is full of natural resources with huge economic potentials and the size of which is almost five times more than that of Bangladesh with one third of our population. Currently Myanmar and Bangladesh are engaged more in border trade than normal trade. Recent proposal of Myanmar to supply electricity through construction of hydraulic dam is a very positive indication of economic cooperation.

Furthermore, Bangladesh has shown its recent renewed interest in the proposed Trans-Asian Railway (TAR), a project of UNESCAP. Once materialized, it will link Bangladesh, among others, with six East Asian countries such as Myanmar, Thailand, Laos, Cambodia, Malaysia and Singapore as well as European countries through Turkey.

Mention may be made that as part of TAR agreement which Bangladesh signed in November 2007, a 130-km-railway-track will be laid from Dohazari of Bangladesh to Gundum in the Arakan state of Myanmar via Ramu in Cox's Bazaar. The TAR and the East-West Economic Corridor (EWEC) will promote Bangladesh's economic interests to ASEAN and beyond. The EWEC is considered as the sole land link, which will connect the Indian Ocean with the Pacific.

Re-establishing the Southern Silk Route with China through Myanmar, Bangladesh could become the commercial hub of the Region. The potential of such connectivity to boost Bangladesh's economy is phenomenal. For this, well-planned investment in infrastructure is a must to establish economic, political and social connectivity with this vast Region.

# ICC Bangladesh News

## Workshop on new URDG held

## ICCB President suggests banks to use new rules

The commercial banks should adopt new international tools to be at par with the global international trade practices, ICCB President Mahbubur Rahman said while inaugurating the workshop on New URDG: The Uniform Rules for Demand Guarantees held in Bangabandhu International Conference Centre, Dhaka on August 2. The central bank should ensure that the commercial banks adopt such tools, the President observed.

"The Bangladesh Bank in its latest monetary policy emphasized the dual objectives of maintaining price stability and supporting the faster economic growth. A rise in import payments and increased deficit in financial account are projected to reduce the balance of payments surplus, and will help cut the need for US dollar purchases to limit the appreciation of taka," said Rahman.




*ICCB President Mahbubur Rahman is seen speaking at the inaugural session of the Workshop on New URDG. ICCB Vice President Latifur Rahman and Chairman ICCB Standing Committee on Banking, Mamun Rashid are seen in his right. Workshop Coordinator Vincent O'Brien, ICCB Executive Board Member A.K.M Rafiqul Islam and ICCB Secretary General Ataur Rahman are seen in his left.*

"In the context of globalised and free market economy, it is of utmost importance that we keep pace with the new technologies that are being developed for better and secured international trade. In order to facilitate our professionals to be aware of the latest rules, this workshop on the new URDG has been arranged to help the bankers and other professionals acquire knowledge so that they may develop themselves with the latest international trade tools," ICCB President added.

Mahbubur Rahman further said that the central bank has targeted slashing the private sector credit growth by around 5 percentage points to rein in inflation and aims at cutting reserve money by 4 percentage points by June next year. The Policy has also indicated increasing different policy rates such as cash reserve requirement, repo, and reverse repo interest rates for controlling credit. While appreciating the measures, the businesses would like to see more credit given to the private sector for creating the much needed industrial base of the country.

It is expected that new URDG which has become effective from July 1, 2010 will help bring financial stability to markets by setting out the liabilities and responsibilities of parties at each stage of the guarantee lifecycle. It is also considered as an authoritative guide and reflects international practice in the use of demand guarantees, while preserving the goal of the original rules-to balance the interests of the trading parties and curb abuse in the development of international trade guarantees. The revision, formally called URDG 758, was agreed to after a two-and-a-half year revision process that produced five comprehensive drafts based on 600 comments from 52 countries. The revision was conducted under the stewardship of the ICC Task Force on Guarantees, a standing body of experts from 26 countries and was adopted by the ICC Executive Board on December 3, 2009. The new URDG are clear, more precise and more comprehensive than their predecessor, URDG 458.

The URDG provides a framework for harmonizing international trading practices and establishes agreed-upon rules for independent guarantees and counter- guarantees among trading partners. The guarantees specify uniform practices for securing payment and performance in worldwide commercial contracts. The World Bank and the United Nations Commission on International Trade Law (UNCITRAL) have adopted the URDG into their standards for financing international trade.

Internationally reputed and highly experienced practitioner of International Trade Finance and a long standing member of the ICC Banking Commission Vincent O'Brien, who is also the ICC Representative to Expert Group on Financial Crisis of WTO, conducted the workshop and spoke on the occasion. ICCB Vice President Latifur Rahman, Citibank N.A Country Officer & Chairman ICCB Standing Committee on Banking Mamun Rashid, BIA Chairman & ICCB Executive Board Member A. K. M. Rafiqul Islam and ICCB Secretary General Ataur Rahman attended the inaugural session. Mamun Rashid also spoke on the occasion. A total of 84 senior and mid-level executives from banks and financial institutions attended the workshop. It may be mentioned that earlier on August 1 the first workshop was held in Chittagong.

# ICC/IFC 'FIT Initiative' programme
## 149 participants passed out so far

ICC Bangladesh President distributed certificates among the 51 successful participants of the third batch of 'FIT Initiative' Programme. At the certificate award ceremony held in Dhaka on August 2 coinciding with the inaugural session of the workshop on URDG ICCB President said the bankers and professionals having completed the IFC 'FIT Initiative' programme would be able to provide better services to their organizations as well as their clients. He congratulated the participants who successfully completed the IFC 'FIT Initiative' Programme and hoped that the participants as well as the sponsoring institutions would be benefited out of this programme.

'FIT Initiative' is an e-learning programme jointly organized by ICC Bangladesh and eBusiness School International of Ireland (eBSI) with support from International Finance Corporation (IFC), a private arm of the World Bank Group. The course provides advanced skills in the finance of international trade to participants of the programme. Successful participants receive certification of excellence in the international trade from the Institute of Export of the United Kingdom as well as a certificate of achievement in Documentary Credit and UCP 600 from the International Chamber of Commerce (ICC), Paris.

Bangladesh has been chosen by IFC as the first country for this innovative progarmme. This e-learning progarmme started in March, 2008 provide beneficiary countries with structured training on best practice in international trade, access to international network of trade finance professionals and an ongoing infrastructure for professional development, networking and global trade facilitation.

As many as 149 participants from 22 Banks/Companies so far successfully completed the programme in three batches.




*Group photograph of successful 'FIT Initiative' participants. ICCB President Mahbubur Rahman (centre), ICCB Vice President Latifur Rahman (2nd from left), ICCB Standing Committee on Banking Chairman Mamun Rashid (extreme left), Vincent O'Brien (2nd from right) and ICCB secretary general Ataur Rahman (extreme right) are seen sitting on the dais.*

50 more participants from different banks/companies have registered for 4th batch of the programme to be completed in 2011.

ICC Bangladesh Vice President Latifur Rahman, Citibank N.A Country Officer & Chairman ICCB Standing Committee on Banking Mamun Rashid, BIA Chairman & ICCB Executive Board Member A. K. M. Rafiqul Islam and ICCB Secretary General Ataur Rahman attended the function. Beside the recipients of IFC FIT Initiative Certificates a total of 84 senior and mid-level executives from banks and financial institutions attended the session.

**Year wise breakup of 'FIT Initiative' participannts**

| Name of Bank/Company | Number of participants | | | |
|---|---|---|---|---|
| | 1st batch 2008 | 2nd batch 2009 | 3rd batch 2010 | Total |
| Bank Alfalah | 02 | - | 02 | 04 |
| Bangladesh Bank | 01 | - | - | 01 |
| Babylon Garments Ltd. | 01 | - | - | 01 |
| Citibank N. A. | 01 | - | 01 | 02 |
| Eastern Bank Ltd. | 11 | 11 | 11 | 33 |
| Green Delta Insurance Co. Ltd. | 01 | - | - | 01 |
| Islami Bank Bangladesh Ltd. | 10 | 10 | 05 | 25 |
| Khushi Apparels Ltd. | 01 | - | - | 01 |
| Mutual Trust Bank Ltd. | 08 | 06 | 10 | 24 |
| N C C Bank Ltd | 02 | - | - | 02 |
| One Bank Limited | 02 | - | - | 02 |
| Premier Bank Limited | 01 | - | - | 01 |
| National Bank Limited | - | 20 | 10 | 30 |
| Bank Asia Limited | 04 | 02 | - | 06 |
| Export Import Bank of Bangladesh | - | 01 | - | 01 |
| Prime Bank Limited | - | 01 | - | 01 |
| Southeast Bank Limited. | - | 01 | 04 | 05 |
| Commercial Bank of Ceylon PLC. | - | - | 01 | 01 |
| Karnaphuli Fertilizer Company Ltd. | - | - | 01 | 01 |
| AB Bank Ltd. | - | - | 05 | 05 |
| Mashreq Bank | - | - | 01 | 01 |
| Standard Bank Ltd. | 01 | - | - | 01 |
| Total | 46 | 52 | 51 | 149 |

# URDG Workshop held at Chittagong
## Use of new rules underscored

A Workshop on the Uniform Rules for Demand Guarantee was held in Chittagong on August 1. M. A. Salam, Senior Vice President of the Chittagong Chamber of Commerce & Industry (CCCI) while inaugurating the workshop expressed his firm belief that against the backdrop of recent global financial meltdown and economic recession and its concomitant ramification on international trade and business, the workshop is very timely. It will amply contribute for the participants to understand on how well they can protect their business interest in international trade under the clout of newly revised URDG.

The CCCI Vice President Salam appreciated the role of ICC Bangladesh in organizing such workshops on important and relevant issues for the bankers and business communities of this port city Chittagong. He observed that ICC Bangladesh always try to bring the latest tools and changes in international rules to update the professionals dealing with international trade and this workshop is a part of that effort. Salam requested ICC Bangladesh to organize workshops and seminars more frequently in future on such key global uniform trade and business rules for the greater interest of the business community of the country in general and Chittagong in particular.




*CCCI Sr. Vice President M.A. Salam (centre) inaugurates the workshop on URDG at Chittagong. Workshop facilitator Vincent O'Brien and ICCB Secretary General Ataur Rahman are seen in his right and left respectively. The successful participants of 'FIT Initiative' are standing behind.*

The Vice President observed that paucity of knowledge and expertise on the key global uniform rules and practices by the business people and facilitators seriously jeopardize international business prospects and interests and urged the ICC Bangladesh to conduct regular workshops on all international uniform trade and business governing rules and practices including UCP 600, eUCP, URC 522, URR 525, Incoterm and URDG 758.

Vincent O'Brien and ICC Bangladesh Secretary General Ataur Rahman also spoke at the inaugural session. A total of 52 senior and mid-level executives from banks and financial institutions of Chittagong Region attended the workshop. CCCI Vice President also distributed certificates to the participants from Chittagong who successfully completed the 'FIT Initiative,' a two-month duration e-learning programme jointly organized by ICC Bangladesh and eBusiness School International of Ireland (eBSI) with support from IFC.

# ICC Banking Commission Meeting in Orlando, USA
## Chairman, ICCB Banking Committee attended

The Banking Commission Meeting of the Paris based International Chamber of Commerce (ICC), *The world business organization* was held in Orlando, USA on September 22-23. Mamun Rashid, Chairman of the ICC Bangladesh Standing Committee on Banking Technique and Practice & Managing Director and Citi Group Country Officer, Bangladesh attended the meeting from ICC Bangladesh.

The Banking Commission meeting deliberated on the future of trade and finance as a follow up to post financial crisis including opinions, ideas and insights about the forces driving change in trade & finance and their implications for business in general and banks in particular. The two-day event was attended by bankers from all over the world, international experts as well as representatives from the World Bank and the Asian Development Bank.

The ICC Banking Commission is a leading global rule-making body for the banking industry, producing universally accepted rules and guidelines for international banking practice, notably letters of credits, demand guarantees and bank-to-bank reimbursement. ICC rules on documentary credits, the UCP are the most successful privately drafted rules for trade ever developed and are estimated to be the basis of trade transactions involving more than one trillion dollars a year. The Banking Commission is equally a worldwide forum of trade finance experts whose common aim is to facilitate international trade finance.

With over 500 members in 85 countries, many of them emerging, the Banking Commission is one of the largest ICC Commissions. ICC voluntary market based approaches developed by the Banking Commission have often been praised for levelling the playing field in trade finance practices. Decisions and official opinions taken at Banking Commission meetings are published in official ICC publications. The Commission has contemplated to celebrate its 80th Anniversary (1931-2011) very soon.

## World Bank/IFC Team on Business Climate evaluation interacts with business leaders

A meeting was arranged at BICF (Bangladesh Investment Climate Fund) on September 22 by IFC (International Finance Corporation). The meeting was arranged for interaction with two global experts and members of IFC's Doing Business Team, Ms. Melissa Johns and Mr. Ernesto-Franco Temple with some of the leading business leaders of Bangladesh and hear directly from them about the state of the business environment in Bangladesh, the opportunities that exist for significant business reforms, and the challenges faced in bringing these reforms to fruition. ICCB President Mahbubur Rahman along with ICCB Executive Board Member R.M. Khan attended the meeting. Presided over by BICF Advisory Services Manager Mr. Ian Crosby the meeting was also attended by BICF Manager Ms. Laura Watson.

Ms. Melissa Johns and Mr. Ernesto Franco Temple, members of the World Bank Doing Business Advisory team, briefed senior business leaders on the findings and methodology of the World Bank Doing Business Report. They mentioned that Bangladesh ranked 119 out of 183 countries in the world for its ease of doing business by the report. The Doing Business Advisory Team is used by governments around the world to provide advice on how their countries can improve their regulatory environment, utilizing insights from the Doing Business report.

ICC Bangladesh President mentioned that Bangladesh Better Business Forum (BBBF), set up during the period of caretaker government and assisted by BICF has been of tremendous help in undertaking a number of reforms which have improved the Doing Business indicator for Bangladesh. On-line registration of companies with the Registrar of Joint Stock Companies, customs automation in Chittagong port and ICD at Dhaka, reforms of various laws by the Regulatory Reforms Commis- sion etc are some of the achievements. The businesses feel that some form of BBBF should be continued for ensuring investment friendly environment in the country and for accelerated growth and development of the country.

The business leaders made the following suggestions: improving the efficiency of the civil service which is critical for a sustained growth; strengthen Board of Investment (BoI) to play its designated role; improve the tax payment system, where significant problems exist; simplification of the tax forms and online payment of taxes which has already been started by NBR; computerisation of VAT payments; imparting appropriate training and education on how the Doing Business data could be utilized and last but not the least is to take steps to strengthen commercial courts for early settlement of huge backlog of commercial cases (Bangladesh ranks 180 out of 183 countries for enforcing contracts).

The next Doing Business report will be released in November. Bangladesh has made a number of important reforms, that will be reflected in this report, including the online registration of companies (by RJSC), and computerisation of land records. However, other countries are also reforming fast.

It may be mentioned that Doing Business provides a quantitative measure of regulations for starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business -as they apply to domestic small and medium-size enterprises. A fundamental premise of Doing Business is that economic activity requires good



*ICCB President Mahbubur Rahman is seen speaking at the meeting with the IFC Doing Business Team held at IFC.*

rules. These include rules that establish and clarify property rights and reduce the costs of resolving disputes, rules that increase the predictability of economic interactions and rules that provide contractual partners with core protections against abuse. The objective: regulations designed to be efficient, to be accessible to all who need to use them and to be simple in their implementation.

The IFC (International Finance Corporation), in collaboration with the World Bank, publishes the Doing Business report annually, as part of its attempts to improve the investment climate of Bangladesh. The report is the result of an annual survey that compares the ease of doing business across national economies by evaluating the laws and regulations involved in business activity. The frequently cited DB report is increasingly being used by foreign investors and donors to guide FDI and aid allocation decisions. It has resulted in a series of business reforms in several countries, including Rwanda last year, which undertook a massive program of reforms aimed at improving their business environment in response to the report.

## ICCB Executive Board reviews July-September quarter activities

The 46th meeting of the ICCB Executive Board was held on September 28. The meeting reviewed the activities of ICC Bangladesh during July- September quarter and activities proposed for the remaining period of 2010. The meeting discussed among other things about the 15th Annual Council 2009 held on May 30, participation at World Council and World Business Summit in Hong Kong by ICCB team, ICCB Workshop on New Uniform Rules for Demand Guarantee (URDG- 785) in Chittagong and Dhaka, participation at World Bank meeting on Bangladesh Country Strategy for 2011-2014, meeting with IFC team on Doing Business, participation at Banking Commission meeting in Orlando, USA, submission of a proposal to CIDA for support to ICCB for holding workshop on Incoterms 2010 and letting out ICCB office space to BIAC.



*ICC Bangladesh President Mahbubur Rahman presided over the 46th meeting of the ICCB Executive Board.*

Presided over by ICC Bangladesh President Mahbubur Rahman, the Meeting was attended by ICCB Vice President Samson H. Chowdhury and distinguished Board Members, A. S. M. Quasem, Md. Fazlul Hoque, R. Maksud Khan and Barrister Rafique-ul Huq.

## ICCB Upcoming Events

**Workshop on Incoterms- 2010 for Bankers and Exporters**
Sunday, December 05, 2010
Chittagong
Registration closing date: **Wednesday, November 24, 2010**

**Workshop on Incoterms- 2010 for Bankers**
Monday, December 06, 2010
Dhaka
Registration closing date: **Thursday, November 25, 2010**

**Workshop on Incoterms- 2010 for Exporters**
Tuesday, December 07, 2010
Dhaka
Registration closing date: **Sunday, November 28, 2010**




**CDCS Examination Scheduled for April 15, 2011**
Registration Closing: **Thursday, December 30, 2010**

**For further information please contact:**
Secretary General, ICC Bangladesh, Suvastu Tower (6th floor), 69/1 Pantha Path, Dhaka- 1205, Bangladesh Tel: +880-2-967-6698, 862-1942, Fax: +880-2-862-1027 e-mail: iccb@bdmail.net

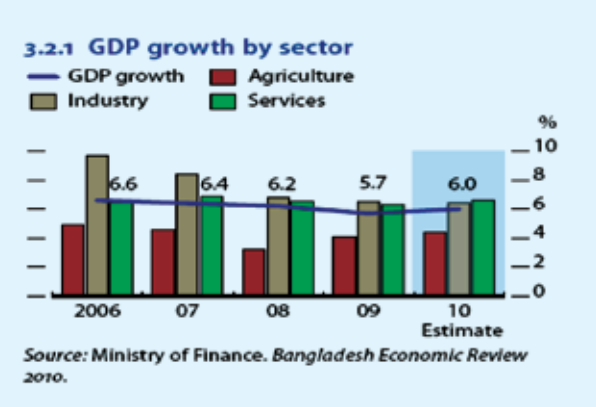
# Bangladesh Economy

## ADB projects 6.3pc GDP growth in 2011

## Energy crisis may hinder growth

Energy constraints and slow global recovery from recession could undermine Bangladesh's growth prospect, said Asian Development Bank (ADB).

The lending agency has forecast 6.3 percent growth for the country in the current fiscal year. The growth is being supported by strong domestic demand, availability of credit and continued fiscal expansion, the ADB said in its Outlook 2010 Update.




*Source:* Ministry of Finance. *Bangladesh Economic Review 2010.*

Country Director of Asian Development Bank in Bangladesh Thevakumar Kandiah said that for enhancing the growth prospects, power and gas shortages need to be addressed. Transport sector issues, including better road network, railway capacity and efficiency improvements, and raising port efficiency are critical for the economy to perform well. He said: "It is also important to pay urgent attention to improving urban infrastructure including water supply and sanitation for raising the economy's productivity and dealing with urban population."

The bank has forecast Bangladesh's gross domestic product (GDP) growth for FY2010-11 at 6.3 percent, up from the estimated 6 percent for the immediate past year. However, the latest growth projection is unchanged from the ADB's April projection.

Inflation remains a concern because of rising commodity prices and a demand pressure from rapid private sector credit growth, said ADB that has projected inflation at 7.5 percent for fiscal 2010-11 till June next year. Exports and remittances, the two key drivers of economy, are a bit on uncertainty because of the slow recovery of global recession. The report said that exports are expected to grow by 8 percent in FY2011, largely responding to the moderate expansion in the global demand. Remittance may also grow at 8 percent, much lower than Bangladesh's usual growth of nearly 20 percent, due to the continued decline in the outflow of migrant workers.

So, it is industry that has to do far better at 7.5 percent than the last year's growth rate of slightly less than 6 percent to achieve the projected GDP growth of 6.3 percent, ADB said. The ADB officials said Bangladesh needs to grow at 8-9 percent a year to reduce its poverty and unemployment rates. But they said a significant increase in investment and efforts to address the infrastructure constraints are must to achieve higher growth rate.

The ADB country director said the government has taken many short-term measures, particularly for rental power to address the power crisis. But what the government needs to do is taking more medium- and long-term measures. He also welcomed the government move to explore new gas.

Replying to a query, the Country Director said the Padma bridge will not only have a tremendous impact on the road network, but also on the economy. He also said improving the railway efficiency is a must and ADB stands willing to support any move regarding this.

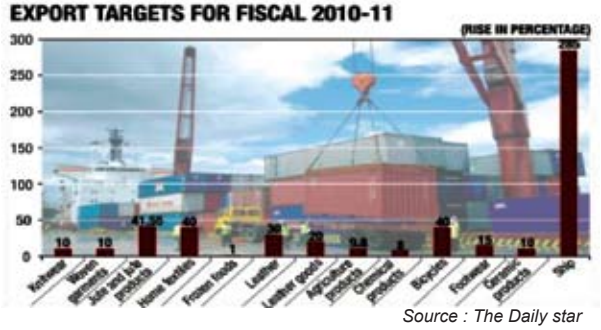
The fiscal deficit as a percentage of GDP is projected to be within control at 5 percent, and the current account balance is expected to show a smaller surplus of 0.2 percent of GDP, the bank said.

## Bangladesh ranks fourth in

## global apparel exports : Says WTO report

Bangladesh has ranked fourth in the global apparel exports and grabbed 3 percent market share, according to a recent World Trade Organisation (WTO) report. Bangladesh secured the fourth position in terms of value followed by China, EU-27 countries and Turkey, said the report.

According to the report, China exported apparel items worth $115 billion, EU-27 countries $103.40 billion, Turkey $14 billion and Bangladesh more than $10 billion. The report was prepared on the basis of export data of 2007 of the respective countries.




*Source : The Daily star*

# Energy Update

- **Huge gas field traced : Bapex hits oil-gas structure in Sunamganj-Netrokona, expects over 2 trillion cubic feet gas reserve; drilling next year to confirm discovery**

- **Bangladesh Cabinet Approves Power and Energy Quick Supply Act:** The Cabinet on Sept 6 approved a proposal on Bangladesh Power and Energy Quick Supply (special provision) Bill '2010.

- **Installation of 100 MW Power Plant Inaugurated in Keraniganj:** The foundation laying ceremony of a 100 MW power plant was held in Keraniganj on July 28. Bangladeshi Power Pac Company in collaboration with Malaysian Mutiara Company is establishing the power plant, which will start generation from April 2011.

- **Inauguration of 150MW Peaking Power Plant at Shikalbaha of Patiya Upazila**

- **The process of installing two more 100MW plants at Dohazari and Hathazari would start next year.**

- **Petrobangla to Sign Deal with ConocoPhilips:** The state-run Petrobangla is expected to sign an initial agreement with US based oil giant ConocoPhilips for hydrocarbon exploration in the country's exclusive economic zone for the first time in Bay of Bengal.

- **Installation of Floating LNG Terminal: 6 Companies Selected as Right Bidders:** Petrobangla has short listed 6 companies to work as consultant to facilitate installation of a floating Liquefied Natural Gas (LNG) terminal at Moheskhali. According to Petrobangla, Bangladesh would need around US dollar 6 to 7 million per day to import 500 million cubic feet of LNG.

- **Myanmar to Build Hydropower Plants for Exporting Power to Bangladesh:** Myanmar to build two hydropower plants with a view to exporting around 575 megawatts (mw) of electricity to Bangladesh. The power plants having the electricity generation capacity of 500mw and 75mw respectively have been planned to be installed at Michuang and Lemro areas under Rakhine state in Myanmar, which are close to Cox's Bazar.

- **Land Acquired in Chittagong to Install Coal-based Power Plants** : The government has acquired 2,000 acres of land at Parky beach, under Anwara thana in Chittagong to install huge coal-fired power plants under joint venture agreement with India and IPP contracts. It is also set to acquire huge land near Chalna Bandar areas of Khulna to install coal-fired power plants using the port facilities of Khulna. According to the PDB a 1,320 MW capacity two units of coal-fired power plants would be installed under JVA with India. Another 1,320 MW capacity coal-fired power plant would be set up under independent power producer. Each power plant would have two units.

- **RZ Power Goes into Operation:** RZ Power Ltd, a subsidiary of Rahimafrooz (Bangladesh), has started operation of its 50MW diesel-fired power plant in Thakurgaon. RZ Power Ltd has become the first local company to successfully commission its rental power project.

- **Quick Rental Plant adds 100 MW Power to National Grid:** The UK based Aggreko owned Ghorasal 100 MW 'quick rental' power plant has started to supply electricity to the national grid from Aug 18.

- **Dhaka-Moscow Nuclear Final Agreement:** Bangladesh is expected to sign final agreement with Russia on the construction of the 2000 MW nuclear power plant at Rooppur when the prime minister tours that country.

- **Mining Resumes at Barapukuria :** Barapukuria coal production resumed on Aug 15 and some 3 million tones of coal have been extracted from the mine's first slice so far. Five more slices will start producing after the first one is completed within a few months. The Chinese contractor will extract some 70 million tones in 70 years.

- **ADB to Give Solar, Wind Run Combined Power Plants to Bangladesh:** Asian Development Bank (ADB) will provide it's newly innovated solar and wind run combined power plants to Bangladesh for the power generation. ADB will provide two units of their new generation power plants to Bangladesh which will be set up in the country's remote areas to run in experimental basis.

- **Bangladesh India MOU Signed For Power Cooperation:** The Bangladesh Power Development Board (BPDB) and the Indian state-run National Thermal Power Corporation (NTPC) signed on August 30 a Memorandum of Understanding (MoU) for improving power stations in Bangladesh. As per the MoU NTPC will assess the feasibility of establishing coal-based power stations in Bangladesh. The NTPC and the BPDB may also set up a coal-based power project at Khulna under joint venture with 50:50 equity participation and the Joint Venture Company (JVC) will be registered in Dhaka

- **ADB to Finance 400 KV Bangladesh-India Inter Grid Connection Project:** The Asian Development Bank (ADB) will finance the 400 KV Grid Inter Connection project between Bangladesh and India as soon as the contracts are awarded. The board of the bank already approved the project on August 31, 2010. The ADB will finance $100 million for the project.

- **IMF to Help Bangladesh's Energy and Power Sectors:** The International Monetary Fund (IMF) will help develop the energy, power and infrastructure facility sectors and construct a deep seaport for overall upliftment of the country.

Faruque Hassan, Vice-President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the latest position of Bangladesh might be third in terms of value and volume, as apparel exports have maintained steep growth over the last few years. Apparel exports of the competing countries increased in some markets but decreased in some others, while Bangladesh's growth was steady in all the markets, he said.

On the basis of BGMEA data, volume-wise Bangladesh's position was second in knitwear exports last year, followed by China. Hassan said the three-decade old garment industry of Bangladesh has transformed on its own into a global sourcing hub.

Bangladesh was the largest exporter of cotton T-shirts and was second for cotton pullover and jeans exports to European countries in 2009. In terms of volume, the country was the second largest exporter of cotton trousers to the US last year. The BGMEA data also said Bangladesh exported 127.14 million dozens of woven garments and 206.20 million dozens of knitwear during the July-March period of fiscal 2009-10. The exports were 169.59 million dozens of woven and 290.92 million dozens of knit in fiscal 2008-09.

The latest data from state-owned Export Promotion Bureau (EPB) said Bangladesh fetched $12.59 billion from garment exports last fiscal year, and contributed around 80 percent to national exports. Of the total amount, the country exported knitwear items worth $6.48 billion, and woven worth $6.01 billion, registering a 0.84 percent and 1.60 percent growth respectively, according to the EPB data.

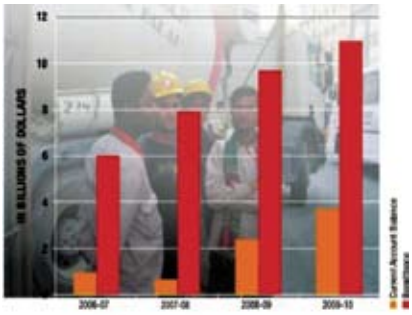
Bangladesh also exported terry towel worth $157.07 million, textile fabrics worth $8.22 million, knitted fabrics worth $20.68 million and home textile worth $539.28 million in fiscal 2009-10. Last year Bangladesh also explored some new export destinations such as Japan, New Zealand, Canada, Australia, and some countries of South America and South Africa.

## Balance of payments surplus FY10 : US$ 2.87 billion

Bangladesh's overall balance of payments surplus reached US$ 2.87 billion in the FY10 against the surplus of US$ 2.06 billion during FY 09 due mainly to healthy current account balance according to Bangladesh Bank statistics. Though trade balance recorded a higher deficit of US$ 5.1 billion during FY 10 compared to the deficit of US$ 4.7 billion during FY09.

In spite of the global recession, Bangladesh's balance of payments was boosted by higher remittances sent by migrant workers. This was augmented by slow growth in imports of only 5 percent. The figures show the flow of remittance increased 13 percent to $10.97 billion. With hefty growth in remittances Bangladesh's foreign exchange reserves rose to a record 10.75 billion U.S. dollars at the end of July, despite trade gap widened to some extent.

Exports fell 7.93 percent short of the target set for the last fiscal year, according to Export Promotion Bureau (EPB). Bangladesh fetched $16.24 billion from exports against the target of $17.60 billion. However, export earning was 4.11 percent higher compared to fiscal 2008-09, when the country earned $15.58 billion.



*Source : The Daily Star*

Exporters said they missed the target mainly due to a slump in demand for some products, especially frozen foods. Bangladesh fetched $6.48 billion from knit exports last fiscal year, registering a 0.84 percent growth compared to 2008-09. However, the knitwear exports fell 11.15 percent short of the annual target. The country exported woven garments worth $6.01 billion in 2009-10. The segment posted a 1.60 percent growth compared to fiscal 2008-09, but fell 10.09 percent short of the annual export target.

**Balance of payments** (In million US$)

| | FY 2007- 08R | FY 2008 - 09R | FY 2009-10P |
|---|---|---|---|
| **Trade balance** | **-5330** | **-4710** | **-5152** |
| **Exports f.o.b(including EPZ)** | 14151 | 15581 | 16236 |
| **Imports f.o.b(including EPZ)** | -19481 | -20291 | -21388 |
| **Services** | **-1525** | **-1616** | **-1237** |
| Receipts | 1891 | 1832 | 2471 |
| Payments | -3416 | -3448 | -3708 |
| **Income** | **-994** | **-1484** | **-1487** |
| Receipts | 217 | 95 | 52 |
| Payments | -1211 | -1579 | -1539 |
| **Current transfers** | **8529** | **10226** | **11610** |
| Official transfers | 127 | 72 | 122 |
| Private transfers | 8402 | 10154 | 11488 |
| *of which : Workers' remittances* | 7915 | 9689 | 10987 |
| **Current account balance** | **680** | **2416** | **3734** |
| **Capital account** | **576** | **451** | **442** |
| Capital transfers | 576 | 451 | 442 |
| **Financial account** | **-457** | **-825** | **-755** |
| i) Foreign direct investment(net) | 748 | 961 | 636 |
| ii) Portfolio investment | 47 | -159 | -117 |
| iii) Other investment | -1252 | -1627 | -1274 |
| **Errors and omissions** | **-468** | **16** | **-556** |
| **Overall balance** | **331** | **2058** | **2865** |

# Bangladesh Country Assistance Strategy 2011-2014 by The World Bank

**Strategic objectives of the Country Assistance Strategy CAS:**

The Country Assistance Strategy (CAS) for FY 11-14 will support Bangladesh's ambitions by contributing to accelerated, sustainable and inclusive growth, underpinned by stronger governance at central and local levels.

- ***Accelerated growth***

Massive infrastructure investment and a more conducive business environment are needed - even to sustain recent levels of private sector growth. The Bank Group will increasingly invest in transport (including logistics and ports) and power infrastructure that can overcome severe infrastructure deficits, transform lagging areas of the country, create agglomeration economies in urban areas and foster broader regional networks. Investment will be accompanied by support for reforms to strengthen sector governance, financial sustainability and private sector participation in infrastructure provision and maintenance. More generally, the Bank Group will continue to provide strong support for investment climate reform, building on recent progress in this area. The strategic objective to accelerate growth under this CAS is defined as: ***increasing transformative investments and enhancing the business environment.*** Among the major Banks interventions will be an exceptional level of support for the Padma Multipurpose Bridge Project in order to unlock the economic potential of the isolated Southwest Region, as well as scaled-up support for power sector development, including financing for an additional 750 MW of power generation. IFC's assistance will focus on access to finance, Economic Zone Development, Public-Private Partnerships (PPPs) and private sector investments.

- ***Sustainable growth***

Bangladesh is among the most densely-populated countries in the world, already vulnerable to natural disasters and now becoming highly-affected by climate change. Water resource management, agricultural adaptation, environmental protection and disaster preparedness will be critical areas for intervention. Given its vulnerability, the country is at the global forefront on climate change policy and interventions, and needs cutting edge technical and financial support from the Bank Group and Development Partners (DPs) to adapt and respond to climate change and natural disasters. The country is also susceptible to external shocks, such as it experienced with the food and fuel crisis in 2008. The strategic objective for more sustainable growth under this CAS is defined as: ***reducing environmental degradation and vulnerability to climate change and natural disasters.*** Major interventions in FY 11-12 will focus on water resource managernent through the Bangladesh River Information and Conservation Project and the National Coastal Embankment Improvement Project as well as a Disaster Preparedness Project to build on earlier emergency work in this area. IFC's Sustainable Energy Program will also provide support through its South Asia Enterprise Development Facility (SEDF).

- ***Inclusive growth***

Long-run progress on human development has been encouraging, with some notable exceptions. The country is still struggling to rein in population growth, reduce maternal mortality, effectively combat malnutrition, streamline social assistance and enhance educational quality and learning outcomes. More effective delivery of social services at the local level is needed to address these shortcomings, bring marginalized groups and rural communities more firmly into the development process, and allow Bangladesh to compete in regional and global markets with a healthy and skilled labor force. The strategic objective for more inclusive growth under this CAS is defined as: ***improving social service delivery***. In FY 11-12, this will include the Bank's second-generation support for sector-wise approaches with other partners in primary education and health, population and nutrition services, as well as expansion of targeted social assistance through an Employment Generation Program for the Poorest (EGPP). IFC will provide support through promotion of private sector participation in the social sectors.

- ***Stronger governance***

Bangladesh has made slow but steady upward progress in many areas of governance in the past five to ten years, but as in much of South Asia-governance remains weak by global standards. For example, in the past five years the country has risen from the bottom to the 25th percentile in global rankings of corruption perception. To grow faster and more inclusively, government will need to bemore responsive and effective, building on a renewed commitment to private sector-led growth and decentralized service delivery. The Bank Group will build on Government's interest in strength- ening the investment climate as an entry point for dialogue on governance reforms, with IFC spearheading advisory work in this area through its Bangladesh Investment Climate Fund (BICF). This will be complemented by an IDA-funded Private Sector Development Project in FY11.

On the public sector side, the Bank will support more decentralized service delivery, coupled with strengthening of domestic accountability at central and local levels. Overall, the strategic objective to strengthen governance is defined as: ***enhancing accountability and promoting inclusion.*** Analysis under an Institutional and Governance Review (IGR) will be an input into reform and investments under a second Local Government Support Project in FY 12, as well as possible development policy lending.

• These four strategic objectives were defined through multi-stakeholder consultations in various locations in Bangladesh, which further identified sixteen outcomes to which the CAS could contribute within these areas. The program will build on an on-going portfolio which is well-aligned with the four strategic objectives, but with a ramping up of investments to accelerate growth (objective 1) and reduce vulnerability to climate change (objective 2). These strategic objectives will be supported by the entire World Bank Group, with initiatives by the IFC, for example, in each area and targeted support from the World Bank Institute (WBI) on governance issues in general and in key sectors.

***Cross-cutting dimension***
Additional dimensions that cut across all four strategic objectives of the CAS include fostering regional cooperation, strengthening gender mainstreaming and partnering for aid effectiveness.

***Strategic repositioning on governance and anti-corruption.*** The costs of weak governance in Bangladesh cannot be overestimated, in terms of adequate domestic resource mobilization, underperformance of the annual development program and disincentives for private investment. The FY 11-14 CAS will make a deliberate shift to a longer term and more systemic approach to strengthening governance and anti-corruption by building domestic accountability mechanisms. It will be more selective, focusing on areas with adequate government commitment and/or champions with whom to work, and where concrete results are considered feasible. In addition to a continued focus on core governance (particularly public financial management), this CAS seeks to build on the current political commitment to strengthen local government and local service delivery. A four-pronged approach to strengthening governance and anti-corruption (GAC) will be adopted, including: i) increasing operational selectivity based on sector-specific GAC analysis; ii) promoting systemic prevention of corruption through long-term governance improvements in areas where the Bank can align with political will to effect substantive change; iii) cultivating new entry points for strengthening GAC by engaging in dialogue with a wide range of stakeholders; and iv) fostering greater demand for good governance from civil society. This approach will be mainstreamed across all four strategic objectives, and will engage the entire Bank Group, including continued capacity development support from WBI and investment climate and corporate governance work by IFC.

***IDA lending volumes***
IDA commitments to Bangladesh have grown rapidly in the past five years, topping US$ 1 billion for the first time in FY 09. During the upcoming CAS period, new commitments will build on a US$ 2.9 billion portfolio of two dozen operations. FY 11 is expected to be a peak year, with new commitments of over US$ 2 billion (backloaded from the FY 09-11 IDA 15 allocation), including US$ 1.2 billion for the Padma Multipurpose Bridge mega project. Indicative allocations for FY 12-14 (from the IDA 16 cycle) are assumed to remain at par with the IDA 15 allocation of around US$ 1.3 billion per annum. In total, the indicative allocation for the FY 11 - 14 CAS is expected to exceed US$ 6 billion if supported by continued strong country performance. Actual allocations during the CAS period will be determined annually based on: (i) total IDA resources available; (ii) the number of IDA eligible countries; and (iii) performance of all IDA borrowers as well as the terms of IDA assistance.

***Better programming***
The sustained increase in the Bank's lending volume allows and necessitates a move to larger, more strategic interventions in order to maximize development impact, leverage structural reforms and maintain a manageable portfolio in the face of limited implementation capacity. Thus, future programming will encourage consolidation, so that the average size of operations will continue to rise from approximately US$ 70 million in the earlier part of the decade to US$ 120 million most recently and a targeted US$ 150 million or more under the new CAS.

Programming will be guided by the following principles:

• Sequencing of analytical work to guide policy dialogue on reforms and influence operational design;

• Use of the full range of instruments, including a possible resumption of development policy lending in selected areas with sufficient country ownership and capacity to carry forward reforms.

• Realism to maintain a manageable portfolio aligned with the client's capacity to implement and the Bank's capacity to supervise;

• Increased engagement where opportunities exist for larger and more strategic interventions; Scaling up of interventions with

demonstrable results and high country ownership;

• Within an overall context of consolidation, retaining flexibility to innovate and pilot through selected, smaller interventions.

Finally, with emphasis on enhancing the investment climate, IFC will continue to implement its large advisory services program (with UK and EU financing), while the ramping up of infrastructure investments will create opportunities for increased IFC investment and MIGA guarantees.

***Risk mitigation***

CAS monitoring will focus on progress towards results, as well as mitigation of risks to results-risks which are deemed substantial in the Bangladesh context. Mitigation will address the main risks identified, which include a possible faltering commitment to reforms, setbacks on governance, corruption and misuse of Bank funds, limited implementation capacity and continued opposition to reforms and important strategic initiatives, particularly related to decentralization/ local government and cooperation in the South Asia Region. The democratically- elected government is at a turning point in its tenure. In power for one year, the Government has had sufficient time to determine priorities and outline broad strategies. The challenge now is to translate these into sector-specific action plans and implement quickly and effectively to deliver results on the ground. The Bank Group is poised to provide peak levels of support for implementation of Government priorities, but will calibrate its support going forward in line with demonstrated commitment to structural reforms and good governance.

*Source: Bangladesh Country Assistance Strategy 2011-2014 by World Bank*

## Traffic congestion causes Tk 19,555cr loss a year: study

Traffic congestion in Dhaka eats up Tk 19,555 crore a year, a study said on July 21. The estimated loss is more than half the country's total annual development outlay and one fourth of the revenue collection target for the current fiscal year.

Two executive engineers and a transport economist of Roads and Highways Department carried out the study.

The findings were revealed at a seminar on "Traffic congestion in Dhaka and its impact on business: Some remedial measures" organised jointly by Metropolitan Chamber of Commerce and Industry (MCCI) and the Chartered Institute of Logistics and Transport at the MCCI.

The study says Bangladesh would enjoy the benefits of a huge economic boost by alleviating traffic congestion in the capital, which contributes to more than 35 percent of the country's gross domestic product (GDP) worth nearly $100 billion.

It suggests that mass transit system be introduced and power be decentralised. It said the two remedial measures could save the businesses, commuters and city dwellers from financial losses and waste of their working hours.

MCCI President Anis Ud Dowla chaired the seminar, which Home Minister Sahara Khatun addressed as chief guest.

The study estimates the congestion costs by analysing travel time cost, cost of excess fuel burnt, revenue loss by passenger transport operators, environmental damage and cost of traffic accidents. Of the Tk 19,555 crore (nearly $3 billion) financial loss, wasted time on the streets accounts for nearly Tk 11,896 crore followed by environmental cost Tk 2,200 crore and business loss of passenger transport and freight industries Tk 2,000 crore each.

Excess fuel (at the rate of CNG price) eats up Tk 575 crore and accidents Tk 50 crore. The study finds that about 3.2 million business hours are lost every day, which is about one hour per working people. The study identified demand and supply gap as major causes for congestion.

It says transport infrastructure supply is below the demand. Inadequate capacity of intersections, mixed traffic on same road space and operational disorder, absence of scientific traffic control, disorder in bus operations, inadequate parking space and east-west road links are fuelling the traffic jam.

Home Minister Sahara Khatun admitted that traffic congestions have become a national problem. But she said it would not be resolved over night. She said the government has been working to construct five flyovers at five important intersections in the city, which she said would reduce congestion significantly. The minister also told the meeting that the government in association with the World Bank is working on how it can introduce mass transit system and underground railway in Dhaka. Parking regulations are also being formulated, she said.

MCCI President Anis Ud Dowla said streets in Dhaka are very inadequate against the demand. He said only 6 to 7 percent area of Dhaka is for roads against the standard 25 to 30 percent. Moreover, hawkers, indiscriminate parking and illegal establishments have occupied vast areas of roads, said the MCCI president.

Ainun Nishat, Vice-Chancellor of BRAC University, said introduction of mass transit is a must. He also asked the government to be bold in taking decisions.

# Fighting Poverty : Bangladesh ahead of India, Nepal

Among 104 countries, Bangladesh ranked 73. India ranked 74, Nepal 82, Pakistan 70, Sri Lanka 32 in the MPI released on July 15. Bangladesh has scored better than India and Nepal in UNDP's Multidimensional Poverty Index (MPI) of five South Asian countries.

The 10 indicators in MPI are grouped into three equally weighted dimensions--health (child mortality and nutrition), education (years of schooling and child enrolment), and standard of living (electricity, drinking water, sanitation, flooring, cooking fuel, and assets). The Oxford Poverty and Human Development Initiative (OPHI) of Oxford University and the Human Development Report Office of UNDP jointly prepared the MPI.

On Bangladesh, the report finds that 57.8 percent of its population were deprived of at least 30 percent of the set of 10 indicators in MPI, and on an average they were deprived of 50.4 percent of the indicators.

In terms of human lives, South Asia has the highest level of poverty in the world. In Bangladesh, India, Pakistan and Nepal, the poor are deprived in case of more than half of the indicators on an average. In India, Bangladesh and Nepal deprivation in living standard is the highest contributor to poverty followed by health and education.

In education, Bangladesh is much better than India, Pakistan and Nepal. Only nine percent people of poor households have their children not attending schools in Bangladesh. In South Asia, only Sri Lanka is ahead of Bangladesh on the education dimension, and on the health dimension Bangladesh is better than India, Pakistan and Sri Lanka.

The MPI is based on statistics collected from different countries for different years. In case of Bangladesh, it was prepared on the basis of statistics of 2007, and it was compared with that of 2004.

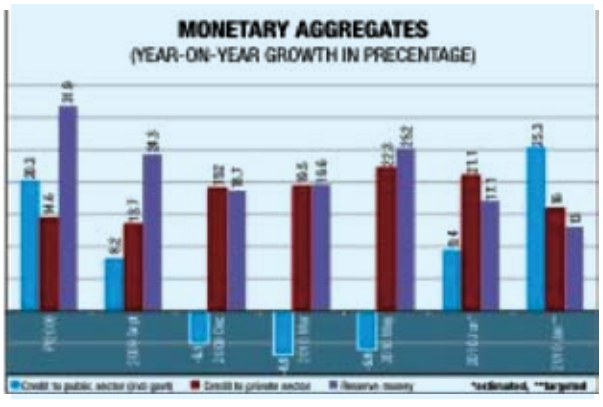
# Monetary Policy Announced

## Emphasis on faster inclusive economic growth, poverty reduction and maintaining price stability

**Introduction:** This tenth issue of Bangladesh Bank (BB)'s half yearly monetary policy Statement (MPS) outlines the monetary policy stance for H1 FY11, designed to support government's policies and programs in pursuit of faster inclusive economic growth and poverty reduction; while also maintaining price stability. As in case of the preceding issue, consultation sessions with eminent senior experts and different stakeholder groups have yielded important insights for drafting of this issue of MPS.

The main objective of ex-ante announcements of monetary policy stance in issues of MPS is to anchor inflation expectations of economic agents and the general public. Detailed analytical work in BB on various aspects of monetary policies are not reported in the MPS meant for lay readers, these appear in issues of Monetary Policy Review or as policy notes/occasional papers.

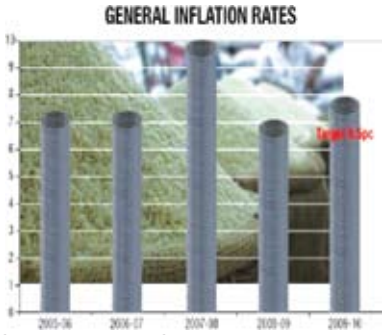
Monetary policies and programs in Bangladesh adopt the same tools and techniques as in other developing economies maintaining restrictions in external capital account. Monetary aggregates based policies and programs retain relevance in economies with restricted capital accounts; policy tools influencing growth of money stock, viz., monetary program targeting broad money growth path, adjustments in cash reserve and statutory liquidity requirements (CRR,SLR) are used as appropriate, besides adjustments in key policy interest rates (repo, reverse repo interest rates in Bangladesh).




*Source : The Daily Star*

**Growth outcome and outlook:** Output growth performance in the agriculture sector in Bangladesh was robust in FY10, with climatic conditions favorable on the whole, and with strong hands on support from agricultural ministry and government ensuring timely access to adequate inputs and financing. The agriculture ministry estimates FY10 agriculture sector output growth provisionally at 4.39 percent, against preceding year's 4.60 percent. Industry sector output growth is estimated provisionally by the government at 6.42 percent against preceding year's 6.46 percent; quite fair when seen against output disruptions from power and gas supply outages, and from slower than hoped for recovery in export demand.

Provisional government estimate for service sector output growth in FY10 is 6.59 percent against preceding year's 6.32 percent, the higher FY10 growth supported interalia by BB promotion of SME lending, and higher social safety net expenditures of the government underpinning buoyancy of domestic demand. Government's provisional estimate for overall FY10 GDP growth is 6.09 percent, against preceding year's 5.88 percent. Final BBS estimate for FY10 growth are yet to be available and some external observers hold the view that FY10 real GDP growth may actually have fallen marginally short of 6.00 percent because of energy shortages causing underutilization of manufacturing output capacity, and slower than



*Source : The Daily Star*

hoped for recovery in export growth.

For FY11, the national budget projects real GDP growth of 6.70 percent; which should be attainable subject to favorable weather conditions for agriculture, rapid recovery in export growth with diversification into new markets including the emerging economies, and urgent substantial increase in power and gas supplies.

**Inflation outcome and outlook:** Despite easing in domestic annual point to point CPI inflation trend from March 2010 and in global commodity price trends from May 2010, 12-month average domestic inflation crept to 6.51 percent in April 2010, exceeding marginally the 6.50 percent ceiling targeted for FY10. The average CPI inflation will continue up creep for some months before starting decline in line with trend in point to point CPI inflation. IMF's July update of WEO projects global inflation to remain moderate in 2010 and 2011 and the FY11 national budget expects 12-month average CPI inflation in Bangladesh to remain within 6.50 percent in FY11.

| Monetary policy stance for H1 FY11 | Monetary policy stance for H2 FY10 |
|---|---|
| Monetary policies in FY11 will be maintained on a growth supportive stance to help promote faster inclusive economic growth, with due vigil against inflationary pressures. BB's financial inclusion initiatives will continue strong support for adequate lending for agriculture, SMEs, renewable energy and other productive sectors; while discouraging expansion in lending for wasteful consumption and unproductive speculative investments. Monetary program for MPS July-December 2010 FY11 has been chalked up accordingly, based on real GDP target and inflation ceiling mentioned in the FY11 national budgets.<br><br>BB will remain proactive in liquidity management operations and policy interest rate/CRR/SLR adjustments as warranted by unfolding developments. The liquidity overhang and the inflows driven appreciation pressures on Taka are expected to ease out with stronger investment activities, and with settling down of workers' remittance growth and rise back of import growth to their trend levels. The financial stability of banks and financial institutions are also under constant watch of BB. For this, the state owned and private sector banks are now being supervised by BB on the same footing. | The growth and inflation outlook reported in the MPS for H1 FY 10 announced in July 09 thus remain broadly unchanged. The surplus liquidity seen at the beginning of FY 10 (high excess reserves of banks with BB, remittance inflow accumulations in foreign exchange) has already been largely used up in private sector credit and import growth driven by pick up in output and investment activities from Q2 FY10 onwards; allaying concerns that the liquidity surplus could largely end up in speculative uses, stoking inflation. Monetary conditions are no longer as lax as at the beginning of FY10, the weighted average inter-bank call money rate which went below one percent in July 09 is now above four percent. However, with the government's access to substantial volumes of foreign financing and National Savings Scheme deposits in H1 FY10, public sector borrowing from the banking system has declined, freeing up credit resources for growing private sector activities.<br><br>While buildup of price pressure will be on constant watch, the prevailing supportive monetary conditions will be continued in H2 FY10 to facilitate the recovery in exports and new investments taking firmer roots. Within this supportive general stance, BB's monetary and credit policies will continue targeted programs pursuing fuller financial inclusion of the economic activity segments (including agriculture and SMEs) and population segments under-served by the markets, towards fostering inclusiveness of economic growth. |

# Regional News

## Long-term growth top priority for developing Asia: ADB

Asia's developing economies should make long-term growth their top priority, the Asian Development Bank said on September 28 as it lifted its 2010 growth forecast for the region. The economies would expand 8.2 per cent in 2010, up from the bank's 7.5 per cent forecast earlier this year, as the trade-driven region 'recovered from the global (financial) crisis with remarkable speed and vigour,' the ADB said in its twice-yearly economic forecast.

Growth would slow to 7.3 per cent in 2011, while inflation would remain within the central banks' 'comfort zones' of an average 4.1 per cent this year and 3.9 per cent in 2011, the report said. 'Developing Asia's recovery seems to have taken a firm hold,' ADB Chief Economist Jong-Wha Lee told a press briefing in Hong Kong on September 28. 'But we should not be complacent. There are still a lot of challenges to long-term, sustained growth.'

The latest forecast remained below the region's record 9.6 per cent expansion in 2007. Asia's developing economies still lag far behind industrial economies in per capita income and the region remains home to two-thirds of the world's poor, Lee said. Officials would also have to focus on efforts to 'broaden and deepen' their financial markets and tighten regulatory enforcement, Lee added.

The Manila-based bank's report looked at 44 jurisdictions stretching from the former Soviet states of Central Asia to some Pacific Islands, but excluded developed countries such as Japan, Australia and New Zealand. The region's shifting economies now reflect a 'middle-income, capital-abundant Asia,' signalling the need to rejig policies that worked when the region was 'low income and capital scarce,' the report said. 'It's time to improve Asia's long-term productive capacity,' Lee added.

Trade with the West would continue to be a major economic driver, but countries should diversify their export base and focus on inter-regional trade, the report said, amid worries about a faltering recovery in industrialised nations. Paul Heytens, the ADB's China Country Director, urged Chinese policymakers to boost domestic consumption and reduce the country's over-reliance on investment and exports to drive the economy.

'Failure to decisively implement the agenda to rebalance the Chinese economy risks jeopardising the sustainability of growth,' he told reporters in Beijing. Heytens said the bank 'very much welcomed' China's announcement in June that it would move to a more flexible exchange rate, amid cries from critics that Beijing was undervaluing its yuan currency to boost exports. A changing labour market would require better educated workers, while urban congestion and environmental problems threatened to curb developing Asia's growth, the report said.

Lee acknowledged there were some 'striking differences' in the quality of regional infrastructure development, especially between East and South Asia. East Asia — including Hong Kong, China, South Korea, and Taiwan — is forecast to lead the region with an 8.6 per cent rise in gross domestic product in 2010, up from the bank's earlier 8.3 per cent forecast, the report said.

**Average annual growth rates (%), 1981–2030 Projections**

| | Actual 1981–2007 | Baseline 2011–2030 | Reform scenario 2011-2030 |
|---|---|---|---|
| China, People's Rep. of | 9.4 | 5.5 | 6.6 |
| Hong Kong, China | 4.9 | 3.6 | 3.8 |
| India | 5.5 | 4.5 | 6.0 |
| Indonesia | 4.8 | 4.4 | 6.0 |
| Korea, Rep. of | 6.3 | 3.9 | 4.2 |
| Malaysia | 6.2 | 5.2 | 5.9 |
| Pakistan | 5.1 | 6.5 | 8.2 |
| Philippines | 3.4 | 5.7 | 7.0 |
| Singapore | 6.8 | 4.3 | 4.3 |
| Taipei,China | 6.1 | 3.1 | 3.3 |
| Thailand | 5.4 | 3.8 | 4.5 |
| Viet Nam | 6.4 | 4.3 | 6.1 |

*Source: Lee and Hong (2010)*

## ASEAN leaders warn on region's rich-poor gap

Southeast Asian leaders warned on September 25 of a widening gap between the booming region's richest and poorest nations that could threaten its ambitious drive for an EU-style single market. Cambodia, Laos, Myanmar and Vietnam have recorded high growth rates but their per capita gross domestic product remains the lowest among the 10 members of the Association of Southeast Asian Nations.

'The danger of (a) widening development gap remains a major obstacle to ASEAN's future development, especially given the context of expanded ASEAN economic integration,' Vietnam's Prime Minister Nguyen Tan Dung said in opening remarks to an annual meeting of the bloc's Trade and Commerce Ministers.

Emulating the European Union's example, ASEAN wants to establish by 2015 a single market and manufacturing base of about 600 million people - a goal that has been spurred by intensifying competition from China and India. The discrepancy between ASEAN's rich and poor members 'is quite wide' and could undermine efforts to create the single market, ASEAN Secretary General Surin Pitsuwan told reporters.

'A house divided by such a gap is not stable,' he said. According to ASEAN statistics, GDP per capita in the bloc ranges from $419 in Myanmar to more than $36,000 in Singapore. Surin said the gulf within ASEAN had widened because some countries were better able to attract investment as the global economy recovered from the crisis which struck in 2008.

'It has come up quite often at the highest level, of how to help bridge this gap,' he said. The Vietnamese prime minister, who chaired the meeting, urged ministers to 'work out concrete and robust measures' to create a more equitable ASEAN. But the bloc has been more focused on initiatives such as forging individual free trade deals and does not have the budgets or structures in place to address the issue, said Leon Perera, Group Managing Director of Spire Research and Consulting in Singapore.

'I think they haven't really set that goal in a serious way,' he told the AFP by telephone.Perera said that 'other things being equal, you tend to get more inequality' as a consequence of globalisation, and a development gap may be more significant within countries than between them. 'I think what has not been developed is - some kind of process where you have a more systematic way of addressing the different levels of capacity,' said Indonesian Trade Minister Mari Pangestu.

She said Europe has a special fund to address differences within that bloc. ASEAN announced earlier this year agreement in principle to establish an infrastructure fund, which could help equalise development. In Vietnam alone, the European Chamber of Commerce has cited estimates that the country needs around $70-80 billion of investment in infrastructure, such as ports and roads, over the next five to 10 years.

The Indonesian Minister said that fostering increased trade and investment within Southeast Asia and the wider region will help counter a possible 'double-dip' global recession. Fears have grown that the United States economy - a key engine of global growth - could dip back into recession after a fragile recovery from the 2008 crisis. 'We talk about that, and we need to be cognizant of the risks of the global environment that we face,' Pangestu said. Surin said Southeast Asian nations need closer cooperation to deal with incidents such as this week's Philippines bus hijacking that left eight Hong Kong tourists dead.

## Asian millionaires : Grow faster than the Developed World

The ranks of Asia-Pacific millionaires are likely to continue growing faster than those from developed countries as regional economies led by China and India power ahead, a report said on September 28.

The study on high-net-worth individuals (HNWIs)-- defined as anyone with investable assets of at least one million US dollars -- was issued by Merrill Lynch Global Wealth Management and consultancy firm Capgemini. "Moving forward, China and India will lead the way in the region with economic expansion and HNWI growth likely to keep outpacing more developed economies," the Asia-Pacific Wealth Report said.

It cited figures first released in a global study in June that showed the region's millionaires numbered three million in 2009, up 25.8 percent from the previous year and surpassing that of Europe for the first time. Also last year, Asia-Pacific millionaires' collective wealth totaled nearly 10 trillion US dollars, which was worth more than the combined riches of their European counterparts for the first time, it said.

"The region holds much promise and is a strategic focus for every wealth management firm with global aspirations," said Wilson So, regional wealth management head at Merrill Lynch. Australia, China and Japan accounted for 76.1 percent of the region's millionaires and 70 percent of its wealth last year, the report said.

The number of millionaires in Hong Kong rose 104.4 percent in 2009 year on year, the fastest growth in the world. Their combined wealth also soared 108.9 percent, the biggest jump globally, the report said. "Wealth accumulation in Hong Kong resumed last year, as its economy and assets benefited from rising investments from China," So said.

# ICC Hqs News

## World economy still improving
## but at a slower pace, ICC/Ifo survey reveals

The world economy continued its rebound from the worst recession in decades, according to the quarterly ICC/Ifo World Economic Survey released on August 18. However, some regions, notably North America and Asia, saw slowing growth and there was a marked difference in growth prospects among regions.

Results of the Survey were compiled from questions submitted to 1,103 experts in 116 countries. The questionnaire focused on assessments of a country's general economic situation and expectations regarding important economic indicators.

Worldwide, the economic climate indicator fell slightly, from 104.1 in the second quarter of 2010 to 103.2 in the third quarter. This was largely the result of a decline in the indicator numbers in two important regions, North America and Asia. But the overall figures still show a substantial gain from the third quarter of 2009, when the world economy indicator stood at 79.6.

Western Europe, which appeared to be slowing in the previous survey, showed surprising strength in the latest one. Germany, spurred by surging exports, was the engine of Euro zone growth. The country, whose economy grew by 2.2%, experienced its strongest quarter since German unification in 1990. However, the future outlook for Europe is tempered by a deepening recession in Greece and continuing restructuring programmes in Spain, Portugal and Ireland.



In North America, by contrast, the last quarter saw growth losing momentum. Stubbornly high unemployment in the US, coupled with weak private consumption and capital expenditures, led to an outlook rated less than satisfactory by the experts polled. The US Federal Reserve, having already lowered interest rates to near zero, recently indicated it may now reinvest the proceeds from maturing securities in long-term government bonds, a reversal of its previous policy. The Canadian economy, while currently rated satisfactory, is expected to slow later in the year.

The news from Asia is dominated by indications of a slowing in the Chinese economy. While China's growth rate remains impressive, a recent slackening in retail sales and a weakening of imports, along with the government's withdrawal of an expansionary monetary policy, point to a cooling economy in the months to come. Elsewhere in Asia, a favourable economic climate prevails in Thailand, Malaysia and Sri Lanka, with capital expenditures, private consumption and exports in these countries projected to pick up further.

The African economy shows sharp contrasts between a positive outlook for South Africa, Kenya and other countries and a weakening scenario for Tanzania, Gabon and Madagascar. South Africa received a boost from hosting the World Cup, and its private consumption and exports are expected to show further improvement, though capital expenditures, which were largely linked to World Cup construction, are projected to level out.

In response to a question concerning the outlook for cross-border trade and investment, the survey showed that private consumption, which is key to growth in these fields, remained weak, impacted by high rates of unemployment. Another factor limiting trade was the lack of access to trade finance in countries such as Spain, Bulgaria, the Czech Republic, Hungary and Romania. This has been a subject of particular concern to ICC. These factors - added to protectionist pressures in countries such as Germany, Denmark and Norway – are contributing to the cloudy outlook for trade and investment.

The quarterly World Economic Survey is conducted by the Munich-based Ifo Institute in cooperation with ICC. It provides rapid, up-to-date assessments of the economic situation prevailing worldwide.

## International Chamber of Commerce
## Asian Development Bank set up trade finance register

The International Chamber of Commerce (ICC) and the Asian Development Bank (ADB) have created a database of trade finance transactions that show the low-risk nature of lending and guarantees to support imports and exports.

The ICC-ADB Trade Finance Default Register – the first of its kind – currently contains data from 5.22 million trade transactions

conducted around the world by nine leading international banks over the past five years.

Reliable and cost-effective finance and guarantees to companies looking to import or export commodities, consumer goods, and capital equipment are critical to keep trade flowing within and between countries. World trade is, in turn, key to global economic growth. Banks currently provide the finance for around 30% of all world trade.

However, banks argue that rules set by bank regulators impose capital requirements on trade finance which are disproportionately high considering the relative safety of such financing. As a result, they say these rules force them to lock up funds that could otherwise be used to support trade, and discourage them from extending more of this essential finance.

"Banks have long told us that trade finance is less risky than other kinds of lending and now we have created a vehicle to demonstrate this," said Tan Kah Chye, Chairman of the ICC Banking Commission. "Already, the initial data gathered give us an indication that trade finance might warrant some kind of revised capital treatment. This is important if we want to ensure that trade - the engine of the global economy - keeps growing."

The database of $2.5 trillion worth of trade deals showed that most trade finance transactions were short term in nature, averaging 115 days. The banks participating in the project reported only 1,140 defaults in the last five years. Even through 2008 and 2009 - the worst economic downturn since the Great Depression - the banks reported only 445 defaults out of just over 2.8 million transactions.

"Making sure that banks can provide finance to support trade is particularly important to developing countries, which have typically found it harder to compete for available funds but which are now key drivers of the global rebound and global economic rebalancing," said Steven Beck, head of trade finance at the ADB.

The ICC-ADB Trade Finance Default Register is a result of the ongoing work of the ICC Banking Commission, which serves as the global forum and rule-making body for the international trade finance community. The preliminary findings were presented to the 300 delegates attending an ICC Banking Commission meeting on the future of trade and finance in Florida, USA.

ICC Chairman Rajat Gupta said: "Any change in regulation requires fact-based analysis. Helping to fulfill ICC's mission to fill the information gap in trade and finance, the trade register now provides evidence on the nature of trade finance."

ICC and ADB will present the findings of its new register when they next meet with the Basel Committee on Banking Supervision (BCBS) and the World Trade Organization's Export Group on Trade Finance. The BCBS, part of the Bank for International Settlements, is responsible for developing the Basel Accords on bank capital.

## Incoterms® 2010: Revised trade rules for an inter-connected world

The International Chamber of Commerce (ICC) on September 16 launched the latest revision of its internationally recognized trade terms Incoterms® 2010. The rules, used by companies in countless business transactions all over the world, will come into effect on 1 January 2011.

Short for 'international commercial terms', the Incoterms® rules - were first created by ICC in 1936 to help traders avoid misunderstandings by clarifying the costs, risks, and responsibilities of both buyers and sellers in the delivery of goods. Representing a radically new concept in an industry regulated by local rules of law, the rules caused a sensation in the internatio business world when ICC first introduced them. They were a first real attempt to bring legal certainty to business transactions while simplifying the drafting of international contracts.

"Before ICC developed the Incoterms® rules, the different terms were often subject to varying interpretations in different countries, often giving rise to disputes and litigation," said ICC Chairman Rajat Gupta. "Today the Incoterms® rules for the usage of terms such as Ex Works (EXW), Free on Board (FOB), Cost and Freight (CFR) and Cost, Insurance and Freight (CIF) are part of the recognized canon defining the responsibilities of buyers and




sellers in transactions for the sale of goods worldwide."

The Incoterms® 2010 rules take into account developments in global trade since they were last

revised in 2000. These include changes in cargo security, which has been at the forefront of the transportation agenda for many countries since 9/11, and the increased use of electronic communications in business transactions.

Revisions have been made to ensure that the wording of the Incoterms® rules clearly and accurately reflects present-day trade practices.

The number of rules has been reduced from 13 to 11 and two new rules have been created: Delivered at Terminal (DAT) and Delivered at Place (DAP). The latest version also features guidance notes at the beginning of each of the rules to help steer the user to the correct Incoterms® rule.

"ICC has a long history of developing rules of practice for business," Mr Gupta said. "Because our rules are developed by experts and practitioners brought together by ICC in a thorough consultative process, they are globally accepted and have become the standard in rules-setting for international business."

A launch conference and training seminars for the new rules took place in Paris on 27-29 September. A series of master classes will follow on 28-29 October, 29-30 November and on 31 January-1 February 2011.

## World Chambers Federation Celebrates 60 years

The ICC World Chambers Federation (WCF) gathered on September 15 to celebrate 60 years of uniting, and facilitating exchange among, the global community of over 12,000 Chambers of Commerce around the world. To mark the anniversary, WCF hosted a celebratory dinner featuring speeches by Minister of State of the Republic of Lebanon, former WCF Chair and former ICC Chairman Adnan Kassar, President of Eurochambres Alessandro Barberis and WCF Chair Rona Yircali.

Established by the International Chamber of Commerce in 1950 to be the advocate of its Chamber of Commerce members worldwide, WCF today has members in over 126 countries comprising local, regional, national, bilateral, transnational, public-law and private-law chambers.

WCF strengthen links between chambers and is a unique platform for the exchange of best practices and experience. WCF activities and services help chambers face the challenges of today's face-paced global economy and include the administration of the world ATA Carnet system, the World Chambers Network and guidance on the usage of Certificates of Origin.

The World Chambers Congress-inaugurated in 1999 in Marseille, France – has also become the highlight of the chamber calendar and since 2003 has featured the World Chambers Competition; the only awards programme to recognize the most innovative chamber projects.

"Devoted to working for chambers at every level, WCF has come a long way in 60 years to become the backbone of the chamber community," said WCF Chair Rona Yircali. "As the chamber movement goes from strength to strength, we take the occasion of our 60th anniversary to reaffirm our commitment to promote and protect the role chambers play in their business communities, and strengthen the network between chambers from all over the world."



WCF was first known as the International Information Bureau of Chambers of Commerce, (1950-1963) subsequently becoming the International Bureau of Chambers of Commerce (1964-2000) and finally WCF (2001-2010).

Chambers of Commerce exists in almost every country of the world and remain the most important type of multi-sectoral business organizations. A worldwide history of the Chamber of Commerce movement is currently being written by WCF, spanning back to the establishment of the first chamber in 1599.

## Businesses urge continuation of IGF

As the fifth consecutive Internet Governance Forum (IGF) draws to a close, ICC Business Action to Support the Information Society (BASIS) has urged participants to share experiences and best practices of this year's forum in their home countries so they can inform decision-making at a local level and continue to tackle ongoing issues such as digital inclusion.

Comprised of companies and associations from across sectors and geographies, BASIS believes the IGF provides a great opportunity for the generation of new ideas, discussion of real experiences and challenges, and the sharing of best practices, all

key elements to inform fair and progressive policymaking.

Topics including data security and privacy, cloud computing, and access and diversity all took centre stage at this year's IGF and reflected the fast-paced and advancing nature of the Internet which continues to unearth new regulatory challenges.

Art Reilly, Senior Director for Strategic Technology Policy with Cisco Systems and ICC/BASIS member said: "The IGF is a unique environment that should not be taken for granted. By offering an open and frank dialogue on the full spectrum of Internet issues, the outcomes of the IGF can promote economic development, enable innovation and creativity, and bring more people into the Information Society."

Business leaders also applauded the catalyst effect the global IGF has had on the number of national and regional initiatives that take place each year. These forums provide regular opportunities for participants to hear local perspectives and engage in multi stakeholder interaction.



Echoing the founding principles of this year's umbrella theme developing the future together -IGF 2010 had more remote participation than ever before. Stakeholders from countries as far reaching as St Lucia and Kenya joined workshops, panels and debates through remote hubs, and engaged in lively and interactive conversations. Looking ahead, a key focus will be to drive numbers of remote participants and increase representation from small-and medium-sized businesses, and developing country stakeholders.

Providing his closing thoughts on this year's forum, Mr Reilly said: "The variety of workshops and panels that have taken place over the last four days provided attendees with the opportunity to discuss complex issues directly related to the regulatory environment of the Internet. This insight is invaluable. By gathering a range of stakeholder insights we are in the best possible position to inform Internet policy making. That is why ICC BASIS continues to support the IGF in its unique format and based on its founding principles."

On the penultimate day of the IGF, BASIS members also joined an informal consultation aimed at establishing a working group to discuss improvements made over the last five years and for the IGF in the future. ICC BASIS members support the involvement of representatives from all stakeholders in this working group.

The 2010 forum was closed by Valdas Sutkus, President of ICC Lithuania who spoke on behalf of ICC BASIS. In his speech, Mr Sutkus joined other stakeholders in reiterating the importance of IGF continuation.

## ICC co-organizes public-private dialogue to help meet climate finance challenge

In collaboration with the governments of Mexico and Switzerland, ICC and the World Business Council for Sustainable Development (WBCSD) organized the first session in a series of public-private dialogues known as the Mexican Dialogues. The dialogues will lead the way to the United Nations Framework Convention on Climate Change (UNFCCC) end of year meeting in Cancun, Mexico.

This first session of the Mexican Dialogues focused on climate change finance. It explored issues relating to the role of the UNFCCC in mobilizing the private sector finance, which will be a critical



component to the delivery of climate change solutions.

Nick Campbell, Chair of the ICC Climate Change Task Force, reminded participants of ICC's long-standing and beneficial relationship with the UN. He also addressed the importance of increased public-private sector interaction to deal with climate change. "Moving forward we see enhanced involvement of business as being critical to contribute solutions to the pressing challenge of climate change." Mr Campbell added: "Companies need clear, stable and predictable rules and framework in order to direct investments to deal with climate change. Public finance has a clear role to play to leverage private finance, particularly in moving technology from the research and development stage towards commercialization."

During the 3 September Geneva Dialogue on climate change, organized by the Swiss Federal Department of the environment, transport, energy and communications, Jean-Guy Carrier, ICC Acting Secretary General, spoke about climate finance to an audience of ministers and government representatives from 46 countries. Mr Carrier successfully led a discussion on key priorities for global business related to finance in the ongoing UN climate negotiations. "Institutional structures and frameworks to govern financial flows will be a critical aspect of building credibility in order to achieve global greenhouse gas reduction goals," Mr Carrier stated.

ICC is currently working on a public policy roadmap on climate finance policy, which will be presented to governments prior to the Cancun meeting.

## ICC publishes second edition Internet and ICT inventory

ICC has published the second edition of its practical and informative tool: An Inventory of ICT Policy Positions and Practical Guidance.

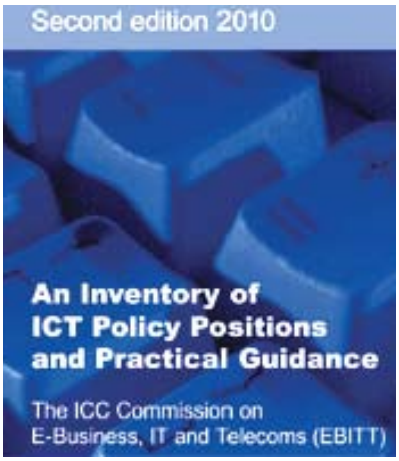
Compiled by the ICC Commission on E-Business, IT and Telecoms (EBITT), and its related task forces, the inventory provides policymakers, business and other users of information and communications technologies (ICTs) with comprehensive and practical information on Internet, and ICT policies and practice.

"Bringing the benefits of the Internet and ICTs to more people around the world is a common goal for governments, business, civil society, technical community representatives and international organizations," said Herbert Heitmann, Chair of the ICC EBITT Commission and Executive Vice President, External Communications, Royal Dutch Shell. "The joint efforts of all, and the exchange of information and good practices, are essential."

Having the right policy framework in place to maximize the potential of ICTs and other mediums as engines of economic growth and social development is essential not only to business but to all users.

The updated inventory comprises substantive positions and recommendations, developed by EBITT commission members from all geographies and sectors, on a range of Internet and ICT-related public policy issues. Their pooled experiences and perspectives make up the consensus-built positions and recommendations contained in the inventory.

The inventory provides a brief description of issues, where they are being addressed and a




synopsis of ICC positions and recommendations. For more detail on a given topic, inventory users can consult the related full-length policy statements and practice toolkits. ICC policy papers go through rigorous vetting by the ICC national committee network and members in over 120 countries, to reflect a wide range of business opinion.

## ICC issues recommendations to shed light on requirements for on board notation

In response to recurrent requests for ICC opinions on the subject, ICC has published recommendations to help clarify requirements, and to guide banks in the correct interpretation and application of the ICC Uniform Customs and Practice for Documentary Credits (UCP) in relation to on board notations.

Prepared by the ICC Commission on Banking Technique and Practice and approved on 27 July, the paper, Recommendations of the Banking Commission in



respect of the requirements for an On Board Notation, brings together different forms of issuance of bills of lading, sea waybills, charter party bills of lading and multimodal or combined transport documents. It also indicates when an on board notation is required and the requirements for that on board notation in any given circumstance.

The contents of the recommendation paper do not amend the ICC publications UCP 600 or International Standard Banking Practice (ISBP). The

content of the paper will however become part of the new version of ISBP currently being drafted by ICC.

It is recognized that there may be circumstances where banks and their customers may be in dispute over the acceptability of an on board notation appearing on a bill of lading, sea waybill, charter party bill of lading or multimodal transport document.

The ICC recommendation paper features a user-friendly flowchart to illustrate when an on board notation is required and the form that it is to take. It also includes background information on the requirements of UCP and ISBP and the basis for how the conclusions have been drawn.

The recommendations are the result of many months of work by the UCP 600 Drafting Group and ICC national committees who provided valuable input to the drafting process.

## ICC appoints new Chair of Banking Commission

ICC's Chairman, Rajat Kumar Gupta, has appointed Tan Kah Chye, Global Head of Corporate Cash and Trade at Standard Chartered Bank, as the new Chair of the ICC Commission on Banking Technique and Practice. Mr Tan will succeed Regina Prehofer - who has successfully led the commission for the last four years - Mr Tan is responsible for delivering overall cash management, trade finance profit and loss, strategy and product development across Standard Chartered's global network. He is also a member of the Society for Worldwide Interbank Financial Telecommunication Trade Services Advisory Group and World Trade Organization Trade Expert Committee.

"It is an honour to be nominated as the next Chair of the ICC Banking Commission," said Mr Tan. "I see this as an opportunity for the banking community to foster closer collaboration with businesses, especially during these uncertain economic times and changing regulatory framework. ICC is well positioned to be the voice of the



global economy and it is my intention to ensure that the banking industry is aligned to that broader objective."

The ICC Banking Commission is a leading, global rule-making body for the banking industry, producing universally accepted rules and guidelines for international banking practice, notably letters of credit, demand guarantees and bank-to-bank reimbursement. ICC voluntary market - based approaches have often been praised for levelling the playing field in trade finance practices.

Over recent years, the commission has developed various market intelligence initiatives for trade finance and regulatory communities to share objectives in dealing with one of the worst financial crises and promoting a model of banking that would continue financing the sustained expansion of international trade.

"In the past, we have been very successful in taking the lead in drafting and adopting the most comprehensive sets of rules for trade finance. We have also been a provider of cutting - edge policy analysis and research," said Mr Gupta. "Today, it is important to take a broader approach to reinforce our position as a leading forum for the banking industry and to determine the ways banking will be conducted in the future."

Under the leadership of Mr Tan the Banking Commission will develop new projects to account for new practices, such as supply chain finance, e-trade and open account trading. He will also continue to support the process to analyze trade finance performance data.

## ICC Environment and Energy
## Commission announces new Vice-Chair

Andrei Marcu, Head of Regulatory and Policy Affairs at the Mercuria Energy Group, has been appointed Vice-Chair of the ICC Environment and Energy Commission. Mr Marcu will be working under the leadership of the Commission's Chairman, Laurent Corbier, and together with its Vice-Chair, Brian Flannery, to enhance and upgrade ICC's engagement in varied environment - related intergovernmental processes.

Mr Marcu is the former President and CEO of the International Emissions Trading Association (IETA). He was the Senior Managing Director for Energy and Climate of the World Business

Council for Sustainable Development (WBCSD), and the Chief Executive Officer of the Blue Next Environmental Exchange in Paris. In addition, he was the manager of corporate initiatives at the United Nations Development Program. He has spent 18 years in the power industry with Ontario Hydro, where he worked closely with the Chairman and Chief Executive and held progressively senior



positions in operations and regulatory affairs.

Given the importance of climate change and environmental issues for global business, the addition of Mr Marcu will assist the Environment and Energy Commission to continue to play an active role in various processes such as the United Nations Framework Convention on Climate Change.

## Business communities stand to gain from CCIPRO showcase

Ten innovative chamber products and services have been selected by a jury for recognition at the fourth meeting of France's local and regional chambers (CCIPRO). The annual forum showcased 77 products and services designed for Chambers of Commerce. Reflecting chamber innovation and ingenuity almost 70% of the products and services, presented on more than 60 stands, were new concepts.

Over 320 participants, including 80 Chambers of Commerce, exhibited products, services, practical concepts, processes and toolkits at this year's event held in Nice.

Prizes were awarded as follows:

* Joint 1st prize: Eval Diff by the Chamber of Commerce and Industry of Morbihan and Eval'Export by the Regional Chamber of Commerce and Industry, Nord-Pas de Calais (which received the public 'Coup de Cœur' at CCIPRO in 2006).
* 2nd prize: Crisalide by the Chamber of Commerce and Industry Rennes Brittany.
* 3rd prize: Valor'Innov by the Chamber of Commerce and Industry of Nice Côte d'Azur.

The ICC World Chambers Federation has actively participated at CCIPRO since its second event in 2006 which took place in the northern French city Lille.

"CCIPRO is an example of a valuable peer learning opportunity for chambers," said Anthony Parkes, Director of the World Chambers Federation. "Such forums enable public and private law chambers alike to showcase potential new services that chambers can deliver to their local business communities."

The theme of the 2010 programme was "networking and innovating together", and offered workshops on a range of issues pertinent to the chamber community, including international trade, and chamber expertise and cooperation.

A cocktail held at the Nice Côte d'Azur Chamber of Commerce was followed by a benchmarking evening, Jean-François Bernardin,



President of The Assembly of French Chambers of Commerce and Industry and Alessandro Barberis, President of Eurochambres visited the exhibition on Friday 2 July. Both were impressed by the products showcased and by the high quality of the event.

During the closing ceremony, Philippe Grillault Laroche, General Director of the Seine and Marne Chamber of Commerce and Industry announced that the next edition of CCIPRO will be held in Marne la Vallée in 2012. He also highlighted the interest of opening CCIPRO to chambers around the world.

## ICC publishes recommendations for lawful intercept requirements

An International Chamber of Commerce (ICC) statement on lawful intercept published on July 8, provides practical recommendations for ensuring that law enforcement has the tools it needs, while also ensuring that those tools are consistent with other important legal obligations related to information security, human rights and privacy, as well as the goals of promoting innovation, competition, economic development and international trade.

To foster an approach that is consistent with a wide range of government, industry and customer goals, ICC provides eight practical and specific recommendations to help governments achieve an optimum approach to lawful intercept

obligations while minimizing adverse effects on customers and service providers alike.

For decades communication service providers around the world have been subject to legal obligations to support the capability known as lawful intercept – the interception of communications in the course of transmission between two or more parties, in support of valid law enforcement investigative purposes. But in recent years, the growth of Internet protocol communications has led many countries to impose overly complex, untargeted and costly requirements that lead not only to regulatory uncertainty but also create tension with other important legal and policy goals in the communications market, such as innovation, competition, information security, privacy and human rights.

"These issues impact upon businesses across all sectors and geographies, both as users and as service providers," the ICC statement says. "Some countries have started to adopt 'one-size-fits-all' lawful intercept obligations on all or most communications service providers. This indiscriminate application is neither proportionate to reasonable need, nor sustainable to most competitors."

Seeking to balance the valid interests of business, law enforcement



agencies, communications service providers and consumers, the ICC recommendations seek to present a framework that is fair and transparent to the interested stakeholders, and would provide law enforcement authorities with all or most lawful intercept capabilities that they reasonably require, while minimizing adverse effects on other legal and policy goals.

"Because many countries are evaluating this area of regulation, the recommendations are both timely and also relevant to have a positive impact on the implementation process," said Eric H. Loeb, Vice President, International External and Regulatory Affairs, AT&T, and Co-Chair of the ICC Commission on E-Business, IT and Telecoms Task Force on Internet and Telecoms Infrastructure and Services that prepared the recommendations. "ICC looks forward to constructive discussions with governments, to ensure that countries consider not only valid law enforcement needs, but that they take a narrowly-tailored approach to achieve consistency with other important legal obligations and policy goals. This balanced approach will strengthen confidence, capabilities and opportunities in the communications sector, both among service providers and customers."

Throughout the statement ICC calls for a targeted and narrowly-tailored approach. For example, because criminals and terrorists very rarely conduct communications of interest to law enforcement agencies via private business networks, the ICC statement recommends that lawful intercept obligations on communication service providers serving only enterprise customers in a given country should remain minimal, and proportionate to realistic threats.

"The overall goal should be to ensure that there is a level competitive playing field for which law enforcement agencies require only the capabilities they need from a communication service provider, and that targeted lawful intercept requirements do not unfairly disadvantage any particular communications service providers or disrupt market entry decisions," the ICC statement says.

## ICC's new task force on Green Economy announces Chairperson

ICC's new task force on Green Economy, which is under the auspices of the ICC Environment and Energy Commission, has named Martina Bianchini as Chairperson.

Ms Bianchini, Vice President of EU Government Affairs & Public Policy for Dow, has been deeply involved in shaping an enabling policy framework for sustainable development. She is an expert in various policy areas including chemicals and health, sustainable chemistry, and sustainable production and consumption.

"The ICC Green Economy Task Force provides an excellent opportunity to develop global business positions on key sustainability issues as well as showcase business actions to accelerate the transition to better products, more innovative business models and lead markets for sustainability," stated Ms Bianchini.



"There is a need to decouple economic growth from environmental degradation. Many businesses are leading the way," said Jean Rozwadowski, ICC Secretary General. "The task force will deliver views and expertise for business to find durable opportunities for green growth and development."

Under the leadership of Ms Bianchini the Green Economy Task Force will play a critical role in ICC preparations and engagement towards the 2012 Rio plus 20 Earth Summit as well as the G20 intergovernmental process.

## ICC warns governments of the potential risks of not concluding Doha Round

In a statement released on September 28, ICC has warned WTO members and G20 governments that many hard-won outcomes may be lost if the Doha Round of trade negotiations are not concluded as soon as possible.

Expressing disappointment at an apparent lack of political will, ICC calls for an ambitious, balanced and expeditious conclusion and makes a number of practical recommendations in order to achieve this.

Entitled The risks of non-Doha, the policy statement, prepared by the ICC Commission on Trade and Investment Policy, seeks to impress upon WTO members the urgent need to complete the Doha Round by highlighting some of the potential risks to the global economy of not doing so. The risks include: a weakening of the multilateral trading system, a foregone opportunity to strengthen WTO rules and liberalize world trade, and a potential rise in protectionism and economic nationalism.

The statement urged: "By concluding the Doha Round, governments would demonstrate unambiguously and concretely that they are serious about fighting protectionism, bolstering international trade, and strengthening the multilateral trading system."



The policy statement is being conveyed to governments through ICC's network of national committees.

## Arbitrators under scrutiny at ICC Institute annual meeting

Is arbitration only as good as the arbitrator? Having the potential to deter many users from opting for arbitration, the frequently used maxim will be the focus of deliberations at the annual meeting of the ICC Institute of World Business Law in December.

Taking place at the Maison des Arts et Métiers in Paris on Monday 6 December 2010, the thought-provoking conference will examine the status, role and powers of the arbitrator and delve into the relationship between them and the quality of results. Examining both the award and the arbitral process itself discussions will consider whether parties can detach at least part of "their" arbitration from the arbitrator and what the benefits of such an approach are, if any.

Unlike court judgements, arbitral awards are not subject to ordinary



judicial remedies. Thus, a disastrous award may well remain disastrous for a party with no remedy available to right any wrong. While parties are free to choose their arbitration tribunal, and commence proceeding with a certain trust, the meeting will consider what methods are available if an arbitrator's qualities do not meet expectations once arbitration has commenced.

The conference will be the 30th annual meeting of the Institute of World Business Law, which draws together the finest minds in the legal profession to offer unrivalled training in international business law and arbitration. The December gathering will mark the conclusion of Serge Lazareff's 15 year run as Chairman of the Institute. Well-known for his provocative views – particularly on the issue of arbitrator trust Mr. Lazareff will co-chair the conference with his successor Yves Derains, Founding Partner, Derains and Gharavi, and current Vice-Chairman of the ICC Institute of World Business Law.

In collaboration with ICC Publications, the resulting doctrine from the meeting will be published in the annual Institute publication, Dossiers of the Institute.

# WTO News

## Trade likely to grow by 13.5% in 2010, WTO says

Following faster than expected recovery in global trade flows so far in 2010, WTO economists have revised their projection for world trade growth in 2010 upwards to 13.5%. The WTO's March forecast was a 10% expansion in trade volumes.

Merchandise exports of developed economies are predicted to expand by 11.5% in volume terms while the rest of the world (including developing economies and the Commonwealth of Independent States) is expected to see an increase of 16.5% for the year.

This would be the fastest year-on-year expansion of trade ever recorded in a data series going back to 1950. But such a large growth rate should be understood in the context of a severely depressed level of trade in 2009, when world exports plunged by 12.2%. The next fastest year-on-year growth was 11.8% in 1976, one year after the then unprecedented decline of 7.3% in 1975.

"The strong recovery of trade signals improved economic activity worldwide," said WTO Director-General Pascal Lamy. "This surge in trade flows provides the means to climb out of this painful economic recession and can help put people back to work. It underscores, as well, the wisdom governments have shown in rejecting protectionism."

World merchandise trade rose sharply in the first two quarters of 2010, driven by the recovery of GDP in both developed and developing economies. Most economists expect output growth to slow in the second half as fiscal stimulus measures expire and the inventory cycle winds down. This is likely to restrain the growth of trade in the second half of 2010 compared to the first half.

The global trade growth projection is consistent with the WTO Secretariat's time-series model for import demand in a range of advanced economies, and assumes a reduced rate of GDP growth for developed countries in the second half of 2010 rather than an absolute decline.

Risks to the forecast are mostly on the downside, particularly if an unforeseen financial or macroeconomic shock triggers another economic downturn. However, some upside potential exists as well if growth is better than expected in the 2nd half of the year.

**Merchandise exports and GDP by region, 2007-2010** (Annual % change)

| | 2007 | 2008 | 2009 | 2010 a |
|---|---|---|---|---|
| **Volume of merchandise exports** | | | | |
| World | 6.5 | 2.2 | -12.2 | 13.5 |
| Developed economies | 4.8 | 0.8 | -15.3 | 11.5 |
| Developing economies and CIS | 9.0 | 3.8 | -7.8 | 16.5 |
| **Real GDP at market exchange rates (2005)** | | | | |
| World | 3.8 | 1.6 | -2.2 | 3.0 |
| Developed economies | 2.6 | 0.4 | -3.5 | 2.1 |
| Developing economies and CIS | 8.0 | 5.7 | 2.0 | 5.9 |

a Projections
Source: WTO Secretariat.

## Lamy underlines WTO's role in reducing poverty

Director-General Pascal Lamy told the High Level Plenary Session of the Millennium Development Goals Summit on 20 September in New York that WTO disciplines have given the least developed countries the way to move faster out of the recession. Despite the positive contribution so far of the multilateral trading system to poverty reduction, he stressed that "we can and must do better". This is what he said:

Mr President, Excellencies, Heads of State and government, Ladies and gentlemen,

A very well known saying goes: "Where there is a will, there is a way".

This is what united world leaders ten years ago in their commitment to relegate abject poverty to history.

The purpose of your work, which begins this morning, is to take stock of what we have achieved, to make an uncompromising assessment of our progress as well as of

the shortcomings that are still holding us back.

As we emerge from a global economic crisis that is without precedent in its depth and its globality, we should be asking ourselves: How has the World Trade Organization contributed to achieving the Millennium Goals?

In particular, how has it contributed to Goal 8 that is, developing a global partnership for development?

Goal 8 tells us that an "open, rules based, predictable and non discriminatory trading system" can be a powerful engine for economic growth and development. The World Trade Organisation's core business is to regulate interna- tional trade, reduce trade barriers and ensure a level playing field for all its Members, big or small, rich or poor. It falls exactly within the scope of this target. It is about ensuring an enabling interna tional trading environment, a "pro-development" trading environment.

The benefits of opening up trade are well known and can be seen in the growth patterns of countries that have opened their borders to trade the more so where they have backed up their action with appropriate domestic measures in the fields of investment, education and social welfare.

To cite but two examples:

* Firstly, there is the fact that the regions where most progress has been made in eradicating poverty are those that trade most. There is a direct correlation between integration into the multilateral trading system and economic growth, between growth and poverty reduction.

* Secondly, there is the fact that during the crisis, the multilateral trading system acted as a bulwark against the worst protectionist instincts. The monitoring system we put in place has so far helped to avert recourse to widespread trade restrictive measures which would first and foremost have penalized the poorest countries.

And it is because international trade remained open that it is now a leading force in the recovery. According to our most recent estimates, the volume of trade should grow by 13.5 per cent this year, 11 per cent for the developed countries and 17 per cent for the developing countries. The WTO disciplines have given the poorest countries the means to climb more quickly out of the recession.

But positive as the multilateral trading system's contribution to poverty reduction may have been, we can and must do better.

In the regulation area, first of all, by working towards a rapid conclusion of the Doha Development Round.

Concluding the Doha Round is about generating new growth opportunities. But it is also about reinforcing a global partnership to put trade opening at the service of development. It is about building on 60 years of multilateralism to foster peace.

And as we prepare for the 4th United Nations Conference on Least Developed countries which Turkey will host next year, we should remember that concluding the Doha Round is also about delivering for the world's poorest. We must fulfil our promises, forexample by providing them with duty free and quota free market access, or by addressing agri-culture subsidies to cotton.

Better regulation, yes, but we must also give the developing countries that are most in need the means of building up their capacity to participate in international trade; that is, we must sustain our momentum on Aid for Trade. Helping poor countries to develop their productive capacities and to participate in international trade today is about enabling them to move forward more quickly on the path of growth tomorrow.

Since 2005 Aid for Trade has seen a steady increase without impacting on the global commit-ments in other sectors such as health, education or water. The crisis must not detract us from our goal. Next July, when the WTO hosts the Third Global Review of Aid for Trade, we shall focus on evaluating more closely the impact of Aid for Trade on development so as to better highlight its importance and relevance.

Ladies and gentlemen,

The Millennium Goals can deliver real development if they are achieved simultaneously. The WTO can and must make its contribution by concluding the Doha Round and by ensuring that Aid for Trade is maintained at current levels.

When you come to examine the WTO's contribution to the achievement of the Millennium Goals, we would settle for "good pupil, could do better".

Thank you for your attention.

## Doha and Aid for Trade are WTO contributions to Millennium Development Goals : Lamy

Director-General Pascal Lamy, in his report to the General Council on 29 July said that "the strengthening of the multilateral trading system through the conclusion of the Doha Round and the Aid for Trade are the contributions that the WTO has to make" to meet the UN Millennium Development Goals. He added "reporting on outcomes and impacts" would be at the core

of the Third Global Review of Aid for Trade in July 2011.

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

Since my last report to the General Council in May, the TNC has met informally on two occasions to discuss and review developments in the DDA negotiations. The more frequent rhythm of meetings of this multilateral body is in line with my undertaking to delegations at the March stocktaking. In light of the beginning of a new dynamic which has recently characterized the DDA negotiations, I believe that we need to continue with these regular meetings in the interest of transparency and inclusiveness.

At the informal TNC earlier this week Members engaged in a useful collective assessment of the state-of-play in the DDA negotiations and mapped together the next steps in the autumn. I also provided delegations with a short overview of my recent activities and meetings — external as well as internal. I will not repeat the whole of my statement to the TNC, which has been circulated to Members, but with your permission I will highlight a few main points.

I reported on my message to, and impressions from, the G20 Heads of State and Government in Toronto. My message to Ministers and to Leaders in Toronto was simple:

(i) exiting the crisis means that growth is needed to create jobs without greater strains on national budgets and that trade offers this; and

(ii) concluding the Doha Round has to be an integral part of the G20 co ordinated strategy to move forward. The impression that I took away from the G20 discussion on the DDA was one of realism — that gaps remain on the right level of ambition and on the right balance in the contributions by Members, but also one of determination - that there is an overall desire to move the DDA negotiations to a conclusion as soon as possible, consistent with the mandate and based on progress already made.

Since the March Stocktaking the Geneva process has been working according to the "cocktail" approach that the membership endorsed at that time. This process, and its ingredients — smaller groups in variable geometry, bilateral contacts and my own consultations — have been working more intensively and with purpose. Of course, these ingredients have to be given space and time, but there is general agreement that their ultimate purpose is to energise the multilateral process, into which they must feed. All my recent contacts as well as the large majority of interventions at the informal TNC have made it crystal clear that the core of the DDA negotiations remains the multilateral process, i.e. the Negotiating Groups and the TNC.

At the informal TNC earlier this week I provided Members with a brief outline of the state of play in each of the negotiating areas as well as an insight into the process for work after the summer break. This process met with wide support from delegations.

Before I conclude, Mr. Chairman, let me also say a few words on recent trade developments and on Aid for Trade, despite the fact that these fall outside the DDA.

As you are all aware, my latest report reviewing trade and trade-related developments in the period from 1 November 2009 to mid-May 2010 was circulated in document WT/TPR/OV/W/3. At the informal meeting of the TPRB on 8 July, I cautioned that although we had started witnessing encouraging news illustrating economic recovery in many parts of the world, particularly in emerging economies, the world economy was not completely out of the woods. Concerns about the fragility of recovery, persistence of high unemployment levels and growing public finance difficulties in some economies remained. These are some of the challenges not only for the global economy, but also for the multilateral trading system. I urged vigilance to ensure that our system continued to serve as an insurance policy against the resurgence of protectionism in difficult times.

You all know that, leaders around the world, including at the Toronto G20 summit have reaffirmed and extended previous commitments to resisting protectionism and their request for continued monitoring and quarterly reporting. This is encouraging and my next report on these issue is foreseen for early November.

On Aid for Trade, work on this front is advancing well and we need to ensure that we sustain these efforts. A series of meetings at the regional and national level have taken place during the first half of this year and it is encouraging that Ministers and leaders around the world, including the APEC, the G20, Caribbean Community, African Union have urged that the momentum on Aid for Trade should be maintained. The call to accelerate regional projects on Aid for Trade is also encouraging.

The Enhanced Integrated Framework which is the special Aid for Trade vehicle for LDCs is also now up and running and focusing on concrete deliverables on the ground.

There is much reason to be proud of the progress we have achieved. But we must not rest on our laurels. We now need to show the positive effects of our collective endeavour. This is why we must place reporting on outcomes and impacts at the core of the Third Global Review of Aid for Trade a year from now, in July 2011. For us to sustain progress, we need to be able to report on impacts and outcomes. If positive to maintain funding; if less positive, to correct trajectory.