ICC Bangladesh
The world business organization

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Bali Ministerial: Trade facilitation undeniable for revamping world economy

ICC Bangladesh

The world business organization

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Contents

ICC Bangladesh News	03
Bangladesh Economy	12
Regional News	25
ICC HQs News	29
WTO News	37

Editor's Note

Bali Ministerial : will there be any deal at last?

The WTO 9th Biannual Ministerial Conference is taking place in Bali on 3-6 December. The race to agree on a deal at the Bali Conference is not only an opportunity to slash the cost of shipping goods around the world, it also represents what many experts see as the last chance to restore confidence in the WTO's ability to reform global trade rules.

If there is no deal in Bali, the risk for the WTO is that major trading powers, which are already spending much more energy on bilateral deals than on the push for a global agreement, would give up for good. Some experts say that these could foster the growth of rival trading blocs and deepen divisions, the opposite of what the WTO was meant to achieve.

For the past 60 years, trade has been a driver of growth and employment. This engine of the world economy is threatened by the stalemate in multilateral trade negotiations. The increase in trade and investment restrictions fueled by the global economic downturn is damaging the business climate and prospects for recovery, precisely when global trade and investment liberalization could provide a debt-free and much-needed boost to world economic growth.

Trade facilitation is a series of measures whereby countries reduce red tape and simplify customs and other procedures for handling goods at borders. An agreement on trade facilitation should significantly reduce costs, speed up and streamline administrative and other official procedures as well as create a more transparent, predictable and efficient environment for cross-border trade. A WTO Trade Facilitation Agreement would, thus, add significant momentum to these initiatives, leading to even greater reductions in trade costs.

Several hundred business leaders and trade experts at the ICC World Trade Agenda Summit held in Doha on 22 April this year, considered a set of recommendations finalized by ICC on behalf of global business for WTO Member Countries to salvage parts of on-going Doha trade negotiations that could heighten global GDP by US$960 billion.

It was observed that by simplifying customs procedures – through trade facilitation measures – alone, member countries would deliver global job gains of 21 million, with developing countries gaining more than 18 million jobs and developed countries increasing their workforce by three million. It is estimated that the payoff from liberalizing trade in services could generate world trade gains of US$1.1 trillion, which would translate into global employment gains of nine million jobs.

ICC is committed to a strong and effective WTO, one whose members collectively negotiate the lowering of trade barriers and the strengthening of global trade rules. ICC's World Trade Agenda initiative includes a longer-term proposal that governments should begin discussions towards a multilateral framework on investment. With more than 3,000 agreements on investment already in place, it is time to move towards a single multilateral framework to facilitate cross-border investment, which will encourage to economic growth and job creation.

The five recommendations developed under ICC initiative could achieve tangible outcomes by the end of 2013, to harvest gains from the WTO's Doha Development Round. These are: conclude a trade facilitation agreement, implement duty-free and quota-free market access for exports from least-developed countries, phase out agricultural export subsidies, renounce food export restrictions and expand trade in IT products and encourage growth of e-commerce worldwide.

In Memoriam



DR. M. ZAHIR (1939-2013)

Eminent jurist and constitutional expert Dr. Muhammad Zahir passed away on July 11 at the age of 74 in Bangkok, Thailand.

His M. Zahir & Company joined ICC Bangladesh as a Member in January, 1999. Dr. Zahir has always been actively participating and supporting ICC Bangladesh in carrying out various activities. He even attended the last Annual Council Meeting of ICC Bangladesh held on 11 May, 2013 despite his ill health.

ICC Bangladesh recalls with gratitude his contribution in formulation of various laws and setting up legal institutions, in particular in the establishment of the Bangladesh International Arbitration Centre (BIAC) - *The Institution for Alternative Dispute Resolution* and in finalizing its rules.

Dr. Zahir, a renowned corporate and constitutional lawyer, obtained his BA (Hons) and MA in English literature and LLB at Dhaka University. Dr. Zahir started his career as an advocate of the then Dhaka High Court in 1962. He passed his English Bar Examination in 1963 and took LLM from the University of London in 1964. He was called to the English Bar at Lincoln's Inn in 1965 and obtained his PhD in Company Law at the University of London in 1966.

After practicing for several years in Dhaka, he joined the Australian Government Attorney General's Department. He returned to Bangladesh in 1975 and enrolled as a senior advocate in 1978. Dr. Zahir was well known both within Bangladesh and abroad as a jurist and for his expertise in constitution formulation & interpretation, corporate and securities laws as reflected in his exhaustive and important analytical publication: Company and Securities Laws. He has published authoritative works on legal practices that serve as reference to lawyers across the country. He received the coveted Padatik award in 2009.

In January, 2000 Dr. Zahir was elected by the ICC World Council as a Member of the International Court of Arbitration at the International Chamber of Commerce in Paris for a three year term.

Besides running his highly respected legal practice, he always defeated his opponents on the tennis courts on a regular basis. An avid tennis player since 1963, he has been the reigning Doubles Champion of Dhaka Club for the last two years.

Dr. Zahir was also involved with charitable institutions, including the Ahsania Mission. He took keen interest in sports, particularly tennis and music. He is survived by his wife, only son, daughter-in-law, three grandchildren, an elder sister, a brother and a host of admirers, friends and colleagues.

In his demise ICC family lost great friend and well wisher. May Allah rest his soul in eternal peace.

ICC Bangladesh News

Banking scams are growing faster than Central Bank's actions said ICCB Vice-President Latifur Rahman

In order to prevent the banking scam, Bangladesh Bank must be given full autonomy for monitoring the activities of state-owned banks as is done in case of private commercial banks, observed ICC Bangladesh Vice-President Latifur Rahman. Their should not be any interference of the Banking Division of the Ministry of Finance in the operating of the state-owned banks for the betterment of the banking sector as well as businesses and economy of the country, said Latifur Rahman in his inaugural address at the ICC Workshop on New ISBP 2013 and URBPO held in Dhaka on August 24.

ICCB Vice-President also observed that the recent scam is nothing but a straight cheating by some so called companies in connivance with a group of bank officials and influential group. Bangladesh Bank is taking measures to prevent the scams, but incidents are growing faster than actions, he said.

Companies engaged in international trade are facing growing threat from fraud and forgery. Besides, the recent scam in some of our state-owned banks have shaken entire banking sector. Thus, the commercial banks are taking extra precautionary measures in opening of LCs, may be due to which we observe lesser import in the recent past. If this trend continues, the much needed development of our industrial base will be in jeopardy, Latifur Rahman added.

"To face these challenges concerned officers and authorities must have adequate knowledge about the trade finance practices. ICC Bangladesh often gets information on fraud activities both from local exporters/importers/institutions and also from the counterparties. We observe that in most cases remedies/resolutions are difficult while preventive measures are always better and useful", Mr. Latifur Rahman mentioned.

It may be mentioned that the Banking Commission of ICC, Paris has revised the International Standard Banking Practice (ISBP) which has become effective from July 2013. The new ISBP 2013 is the most up to date, comprehensive guide to handling and examining trade documents under documentary credits. An invaluable source of practical information for trade finance professionals and academics. This revised edition of ISBP provides readers with the latest ICC approved guidelines for all parties to documentary credits, Latifur Rahman informed the workshop.

ISBP 2013 details how to apply banking practices under UCP600 to various trade documents (invoices, transport documents, bills of lading, certificates of origin…) and features the documents, which were not covered in previous editions like : Packing list, Weight list, Beneficiary certificate, Non-negotiable sea waybills, Analysis, Inspection, Health, Phytosanitary, Quantity and Quality certificates, Mr. Rahman added.

The workshop will also cover ICC's URBPO, the first-ever Uniform Rules for Bank Payment Obligations (BPOs), a 21st century standard in supply chain finance that governs Bank Payment Obligations transactions worldwide. BPOs enable banks to mitigate the risks associated with international trade to the benefit of both buyers and sellers. They enable flexible financing propositions across the supply chain, from pre-shipment to post-shipment. BPO benefits include: Mitigating risks in international trade for buyers and sellers alike; Speed; reliability; convenience; Reduced costs and improved accuracy; Enhanced risk management; Assurance of payment; Access to flexible financing; Securing the supply chain.



ICCB Vice President Latifur Rahman (2nd from left) inaugurated the ICC Workshop on New ISBP 2013 and URBPO held in Dhaka . Workshop resource persons Vincent O'Brien (extreme left) & Digby Bennett (2nd from Right) and ICCB Secretary General Ataur Rahman (right) were also present.

The Workshop was conducted by two internationally acclaimed professionals: Mr. Vincent O'Brien and Mr. Digby Bennett. Mr. O'Brien is a highly experienced practitioner of International Trade Finance and a member of the ICC Banking Commission Executive Committee and Chair of the ICC Banking Commission, Market Intelligence Group. Mr. Digby Bennett has many

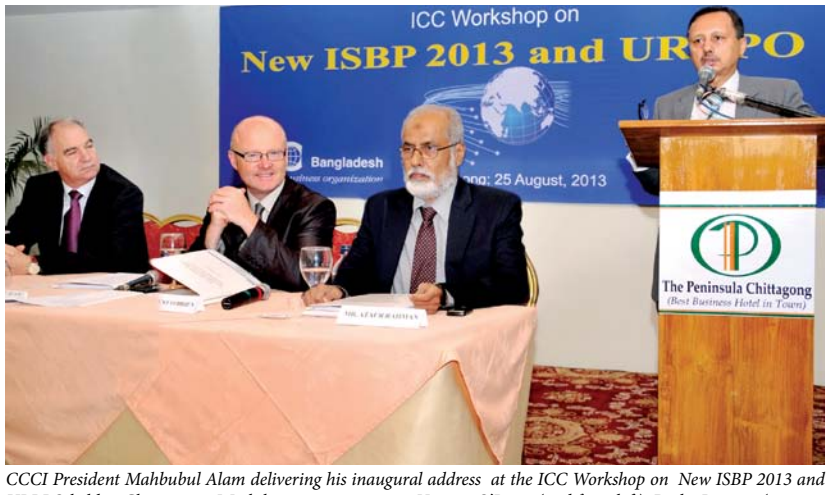
years of experience in Trade Finance automation working with leading banks worldwide. He has been active in educating Trade professionals in the latest emerging trends around electronic Matching, Supply Chain Finance and the standardization that is taking place worldwide.

The inaugural session was also addressed by Mr. Vincent O'Brien, Mr. Digby Bennett and ICC Bangladesh Secretary General Ataur Rahman. A total of 166 participants from banks, financial institutions and export oriented industries attended the workshop.

ICCB Workshop on New ISBP 2013 and URBPO in Chittagong

The second ICC Workshop on New ISBP 2013 and URBPO was held in Chittagong on August 25. Mr. Mahbubul Alam, President, Chittagong Chamber of Commerce and Industry (CCCI) inauguration this workshop. In his inaugural address CCCI President said that UCP 600 provides a global standard set of practices for letters of credit. Anyone engaged in international trade, whether selling goods, buying goods or providing financing, needs to familiarize with the UCP 600. The New ISBP is the revised guideline for following UCP 600.

While the UCP is designed for use with commercial letters of credit, it is often used for standby letters of credit, a reliable type of bank guarantee. The most important principles of letters of credit set down in the UCP are the independent principles that the banks deal with documents and not goods, Mahbubul Alam added. He hoped that the participants attending the workshop will take full advantage of the experience of the two very well acclaimed resource persons who would be conducting the workshop. He thanked ICC Bangladesh for organizing workshops on such important topics. Vincent O'Brien and Digby Bennett conducted the workshop.



CCCI President Mahbubul Alam delivering his inaugural address at the ICC Workshop on New ISBP 2013 and URBPO held in Chittagong. Workshop resource persons Vincent O'Brien (2nd from left), Digby Bennett (extreme left) and ICCB Secretary General Ataur Rahman (right) were also present.

The inaugural session was also addressed by Mr. Vincent O'Brien, Mr. Digby Bennett and ICC Bangladesh Secretary General Ataur Rahman. A total of 49 participants from banks, financial institutions and export oriented industries attended the workshop.

ICC Workshops on UCP 600 and Incoterms 2010 for HSBC clients

ICC Bangladesh organized trade workshops on globally accredited trade standards–UCP 600 and Incoterms 2010– for the clients of HSBC in Chittagong and Dhaka on August 26 and 27 respectively. Mr. Vincent O'Brien, chair of the ICC Banking Commission Executive Committee, conducted the workshops, which were arranged by a bank for the first time in Bangladesh.



ICC Bangladesh President Mahbubur Rahman (4th from Left) inaugurated the Trade Workshop on UCP 600 and Incoterms 2010 held in Dhaka. Bangladesh Bank Executive Director Md. Ahsan Ullah (3rd from left), HSBC Head of Corporate Banking Md. Mahbub-ur Rahman (2nd from left), Workshop resource person Vincent O'Brien (2nd from right), ICCB Secretary General Ataur Rahman (extreme right) and Syed Javed Noor of HSBC (extreme left) are also seen.

The International Standard Banking Practice (ISBP), the professionals' reference book to best banking practices for international L/C documents subject to UCP600, has already played a significant role in reducing international discrepancies for documentary credits and is regularly consulted by a wide range of banking, logistics, insurance, legal and corporate professionals and academics worldwide said ICCB President Mahbubur Rahman at the inauguration of the trade workshop on UCP 600 and Incoterms 2010 held in Dhaka on August 27. The

new ISBP 2013 is the most up to date, comprehensive guide to handling and examining trade documents under documentary credits, Mahbubur Rahman added.

International Commercial Terms, known as "Incoterms", are internationally accepted rules used in commerce that deal with the costs, risks and responsibilities of both buyers and sellers when shipping goods internationally. It is crucial to understand the new Incoterms in order to accurately negotiate or quote sales contracts in order to avoid any complicacy that may arise at the time of submitting L/C to banks for reimbursement, mentioned ICCB President.

It has always been our endeavour to impart training and make available latest know-how to the users involved in international trade finance, so that there is clearer understanding and application of the provisions of L/Cs in trade transactions", said ICCB President.

The Uniform Customs and Practice for Documentary Credits (UCP) is a set of rules on the issuance and use of letters of credit. The UCP is utilized by bankers and commercial parties in more than 175 countries around the world in trade finance.

The Incoterms rules or International Commercial Terms are a series of pre-defined commercial terms that are widely used in international commercial transactions or procurement processes. Both the global trade standards are published and standardized by ICC.

As the leading international trade bank, HSBC believes in facilitating knowledge on international trade for banks trade partners and valued customers, said Md Mahbub-ur-Rahman, corporate banking head of HSBC Bangladesh.

Executive Director of Bangladesh Bank Md Ahsan Ullah thanked ICC Bangladesh and HSBC for taking the initiatives in organizing such workshops for the commercial officials of the clients of HSBC. He observed that such workshops will help the importers and exporters in getting clarifications from the experts so that they can ensure having proper documentations for submissions to the banks. President of Chittagong Chamber of Commerce Mahbubul Alam inaugurated the Workshop held on 26 August in Chittagong. The inaugural sessions were also addressed by Mr. Vincent O' Brien and ICC Bangladesh Secretary General Ataur Rahman. A total of 186 officials of various HSBC clients attended the workshops. In Chittagong 68 officials from 26 companies and in Dhaka 108 officials from 68 companies attended.



CCCI President Mahbubul Almm (3rd from left) inaugurated the Trade Workshop on UCP 600 and Incoterms 2010 held in Chittagong. Workshop Resource Persons Vincent O'Brien (extreme left), Digby Bennett (extreme right), ICCB Secretary General (3rd from right) and HSBC Executives Muhammad Shohiduzzaman (2nd from right) & Naushad Ekramullah (2nd from left) were also present.

Imposition of GPT by Canada would not affect Bangladesh: Canadian Envoy

Bangladesh as a Least Developed Country (LDC) would not be affected following imposition of general preferential tariff (GPT) by Canada, said Canadian High Commissioner to Bangladesh Heather Crudden at a seminar on 'Bangladesh Canada Trade and Economic Relations' jointly organized by the Bangladesh Foreign Trade Institute (BFTI) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) held in Dhaka on August 31.

Commerce Minister G.M. Quader, M.P. spoke at the function as the chief guest while Commerce Secretary Mahbub Ahmed, ICCB President Mahbubur Rahman, BGMEA President Md Atiqul Islam and Chief Executive Officer of the BFTI Dr M Mozibur Rahman took part in the discussion.

Canada would take steps to ensure that the benefits of the LDC Tariff (LDCT) are not reduced by the changes to the GPT said Ms Cruden and explained that the LDCT rules of origin requirements will be amended so that apparel producers will continue to benefit from duty-free access to Canada while using textile inputs from current GPT countries like China and India. She said an air agreement has been initiated between Bangladesh and Canada and if it is signed, it will open up more opportunities for both the countries.

Bangladeshi entrepreneurs need to develop products and markets, both new and existing, and the government needs to develop policy and institutional environment that can support in this regard, she added. She said though Bangladesh has made strong progress in various areas, the current political instability is causing some companies to question whether they should diversify their risks and move out of Bangladesh. "This could be very damaging in the medium and long-term for Bangladesh.

Commerce Minister G.M. Quader, M.P. said the foreign investment in the country will not be affected for any unwelcoming political environment as all political parties are sincere to protect it for the sake of the economy. There had been political disturbances over the last six months followed by so many strikes, he said adding, "Somehow, we could manage it and Bangladesh will be moving forward despite all these hurdles."

"Bangladesh is a ground for good investment and changes in the government will not have any impact on foreign investment," he added. The Minister said Bangladesh's exports saw a record growth in the first month of the current fiscal despite political disturbances. "We delivered the products mostly in time. We could do it."

On the proposed economic partnership agreement between Bangladesh and Canada, the minister said, "We will consider it." He said though Bangladesh-made products are destined only for four major destinations the US, the European Union, Canada and Japan it has very big potential to expand its trade with its partners.

ICCB President Mahbubur Rahman sought special attention on the GPT issue so that Bangladesh could take advantage of Canadian facility. He thanked the Canadian High Commissioner for taking initiative in furtherance of trade between the two countries. He hoped the businesses will take full advantage of the facilities and develop market for export of non-traditional products from Bangladesh to Canada.



ICCB President is seen speaking at the seminar on Bangladesh-Canada Trade and Economic Relations held in Dhaka. Commerce Minister GM Quader, M.P. (3rd from right), Canadian High Commissioner Heather Cruden (2nd from right), Commerce Secretary Mahbub Ahmed (2nd from left), BGMEA President Atiqul Islam (extreme right) & Chief Executive Officer of BFTI Dr. Mozibur Rahman (extreme left) were also present.

Canada has consistently participated in the development process of Bangladesh. The people of Canada also have strong affinity towards Bangladesh. The Canadian High Commissioner informed that Bangladesh has traditionally been one of the largest recipients of Canadian development assistance, which exceeded $4 b since 1972.

Canada progressively reduced barriers to the exports with the Market Access Initiative for Least Developed Countries, effective January 1, 2003. Bangladesh reaped considerable benefits from this initiative, capturing export gains, particularly in textiles and apparel. The exports value of Bangladesh to Canada increased by 376 percent in 2012 compared to 2003 over last 10 years.

The value of Bangladesh's merchandise export was only 250 million in 2003 which has increased to 1.12 billion in 2012. On the other hand Canada exported over 525 million in 2012.

IMF team meet ICCB President
Discussed on Revision of Foreign Exchange Regulations

A three Member IMF team led by Mr. Wilson Varghese, Senior Economist, Technical Assistance Division, Monitory and Capital Markets Department met ICCB President Mahbubur Rahman at the National Secretariat on 19 August. The main purpose of the meeting was to discuss with ICCB President about the private sector views on the revision of Foreign Exchange Regulation Act (FERA).

ICCB President said that in the present context of free market economy, it is essential to update the FERA in such a way that it becomes



ICC Bangladesh President Mahbubur Rahman (extreme right) is seen with IMF Team Members: Wilson Varghese (2nd from right) Ms. Latifah Merican Cheong (3rd from right) & Alick Bruce-Brand (4th from right) during their visit to ICCB. Also seen in the picture are: Mohammed Hossain (2nd from left) and ICCB Secretary General Ataur Rahman (extreme left).

more user-friendly. The amended act should contribute to the growth of the economy, without compromising the basic interest of the country, he said.

The Guidelines for Foreign Exchange Transactions (GFET) -- 2009, issued by the central bank, still have some grey areas. Such areas require clarifications or specific directions of the Bangladesh Bank (BB), he added. Mahbubur Rahman mentioned Bangladesh has liberalized foreign exchange rules for foreign investment. But, there are various restrictions for the local investors, except banks, having expertise in respective field of operations, to invest in a third country. As a result, we are losing the prospect of earning more foreign exchange, he added.

He suggested to the team that they should look into revised FERA that has been prepared by Bangladesh Bank and propose amendments based on their discussions with various stakeholders. He also briefed the team about the suggestions made by the participants at the ICC Dialogue on Foreign Exchange Regulations which was held in Dhaka on 3 March 2011, which was attended by Muhammad Faruk Khan, M.P., who was then Minister for Commerce and a number of MDs/CEOs of banks and other experts. The IMF team was given copies of newspaper clippings and other materials presented during the Dialogue.

The meeting was also attended by Mohammed Hossain, National Fraud Risk Detection and Mitigation Adviser, Central Bank Strengthening Project Cell, Bangladesh Bank; ICCB Secretary General Ataur Rahman and two IMF Team members, namely, Alick Bruce-Brand, IMF Expert Consultant and Ms. Latifah Merican Cheong, Founding Board Member of Asian Women's Leadership University Project. Inc.

Participation of ICCB Team at UN-ESCAP Business Development Week in Yangon, Myanmar

The UN-ESCAP organized a 5-day Business Development Week in Yangon, Myanmar on 23-27 September jointly . The Workshop has been organized by ESCAP Secretariat, ESCAP Business Advisory Council (EBAC) and the United Nations Trade and Productive Capacity Cluster together with the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI). Against the backdrop of Myanmar's recent and ongoing fast pace of political and economic liberalization and increased level of openness towards the international community, the Government of Myanmar is seeking to keep this positive momentum going. In order to do so, the Myanmar Government has rightly recognized the importance of the private sector as an integral part for Myanmar's further socio-economic development, particularly the catalytic potential of business and investment as contributing forces for sustainable and inclusive growth, employment creation, including for women and the youth, income generation and poverty alleviation.

This event would provide a very timely and needed opportunity to convene a number of Myanmar focused technical workshops with business representatives, government officials, representatives from international agencies and civil society organizations, and academics. The participants would have the opportunity to strengthen their skills and increase their knowledge in all matters pertinent to business, trade and investment through numerous sessions conducted by professionals and experts. Furthermore, participants can build new and strengthen already existing networks and actively engage with other participants, professionals and experts over the course of the week.

ICC Bangladesh and ICC, Paris are collaborating with UN-ESCAP in this event. ICC Bangladesh was represented by ICCB Executive Board Member Rashed Maksud Khan, Mr. Asif Ibrahim, Vice Chairman of Newage Group of Industries and Mr. Mahmudul Huq, expert in the Fisheries Sector and a former President of the Bangladesh Frozen Food Exporters Association. They made presentations on their business experiences.



Asif Ibrahim speaking about his business experience on RMG.

Ms. Laetitia de Montalivet, Director of Strategic Development, BD Department, ICC; Senior Advisor, ICC Institute of World Business Law made presentations on introduction to ICC Trade Tools: Incoterms, Arbitration and ICC Model Contracts.

CDCS helped bankers to develop professional skills said ICCB President

The Certified Documentary Credit Specialist (CDCS) is an internationally acclaimed professional certification that enables documentary credit practitioners to demonstrate specialized knowledge and application of skills required for competent practice, said ICCB President Mahbubur Rahman while distributing Certificates, as chief guest, to the 95 officials of the islami Bank Bangladesh ltd. held at its headquarters in Dhaka on 21 August. He congratulated the officials and thanked the Board and Management of Islami Bank Bangladesh for developing the professional skills of the staff by allowing them to participate at various international programmes.



Mahbubur Rahman, President of ICC Bangladesh handing over a crest to a Certified Documentary Credit Specialists (CDCS) of Islami Bank Bangladesh Ltd, during a Reception Programme held at IBBL Head Office. Also seen in the picture , among others are : IBBL Executive Committee Chairman Engr. Md. Eskander Ali (2nd from right). Director General, Bangladesh Institute of Bank Management Dr. Toufic Ahmed Choudhury (4th from right) and IBBL Managing Director Mohammad Abdul Mannan (extreme right) .

ICC Bangladesh took the initiative for selecting Dhaka as a venue for CDCS Examination conducted by *Ifs* School of Finance worldwide and the Examination is being held in Dhaka every year since April, 2008. It has enabled our professionals to attain this prestigious certification without taking the hassle of going abroad by spending substantial amount of money, added ICCB President. CDCS was developed in partnership by the *Ifs* School of Finance, UK and the International Financial Services Association (IFSA), UK in consultation with the industry experts and endorsed by the ICC Hqs. The qualification reflects current best practices.

It may be mentioned that besides the CDCS Examination, ICC Bangladesh has been organizing another two important programme namely, "IFC-FIT INITIATIVE" and Certificate in International Trade and Finance (CITF) of *ifs*. IFC-FIT Initiative has been developed jointly by ICC Bangladesh and eBSI (eBusiness School of International) of Ireland with support from International Finance Corporation(IFC), a private arm of the World Bank.

These international programmes have created a revolution in banking sector as more and more of our bankers are participating in these programme.

These international programmes are helping bankers to develop their professional skills and acquire latest intanational techniques, mentioned ICCB President. Considering the recent scams that have shaken the entire banking sector of Bangladesh it is very essential that our bankers at the branch levels strictly adhere to rules and ethics, he added.

Since 2008, when ICC Bangladesh started these programme, 223 have become CDCS Experts, 284 have completed IFC FIT e-learning programme and 15 have passed CITF Examination.

The reception program was presided over by Mohammad Abdul Mannan, Managing Director of the Bank, the program was attended by Dr. Toufic Ahmed Choudhury, Director General, Bangladesh Institute of Bank Management as special guest and Engr. Md. Eskander Ali, Chairman, Executive Committee and Humayun Bokhteyar, ACPA, FCA, Director of the Bank as guests of honour. Md. Nurul Islam, Md. Habibur Rahman Bhuiyan FCA, Md. Mahbub -Ul-Alam Deputy Managing Directors of the Bank and ICCB Secretary General Ataur Rahman were also present.

ICCB upcoming events

Workshop on Credit Risk and Loan Portfolio Managment
Dhaka: Satarday, 7 December, 2013

Certified Documentary Credit Specialist(CDCS)
Examination Date: April, 2014
Registration Closing: 20 January, 2014

e-Learning Programme on "IFC-FIT Initiative"
Registration Start: November, 2013

For further information and registration please contact
Secretary General, ICC Bangladesh, Tel : 8621942, 9676698; E-mail: arahman@icc-bd.org, iccb@bdmail.net

Bangladesh Ambassador Designate to Uzbekistan called on ICC Bangladesh President

Bangladesh Ambassador Designate to Uzbekistan H.E. Mr. Mosud Mannan made a courtesy call on ICC Bangladesh President Mahbubur Rahman on July 11. They discussed about the potentials of trade and investment between the two countries. ICCB President Mahbubur Rahman informed the Ambassador that Bangladeshi entrepreneurs are keen to increase export to Uzbekistan and other countries of the Soviet block. He mentioned that Uzbekistan could be a potential market for Bangladeshi jute yarns and there is a huge possibility to export jute yarns to Uzbekistan. Bangladesh exported jute goods and various textile items to Uzbekistan worth $2.576 million during last fiscal, according to the Export Promotion Bureau (EPB) statistics, he said. Ambassador Mannan informed the ICCB President that he would make all out efforts to increase export of Bangladeshi protucts to Uzbekistan and the neighbouring countries. In this regard, he requested ICCB President to lead a Bangladesh business delegation to Uzbekistan and other countries.

It may be mentioned that Bangladesh and Uzbekistan have agreed for cooperation on various bilateral trade issues including cotton supply to Bangladesh in a meeting of the Joint Working Commission for Trade and Economic Cooperation held in Tashkent in May 2012. The two countries already exchanged the draft of the memorandum of understanding (MoU) which is now under scrutiny. The draft MoU states that both the parties will cooperate with each other for direct delivery of raw cotton from Uzbekistan to Bangladesh on regular basis.

Bangladesh is about to finalize a deal to import cotton from Uzbekistan aiming to ensure supply of 200,000 tonnes of cotton annually for the local textile industries, sources said. Uzbekistan is the sixth largest cotton producer in the world with 4.6 million bales produced in 2011.



Bangladesh Ambassador Designate to Uzbekistan H.E. Mr. Mosud Mannan (centre) is seen with ICCB President Mahbubur Rahman (right) & ICCB Secretary General Ataur Rahman (left) during his visit to ICC Bangladesh.

Bangladesh's yearly requirement of cotton is nearly 4.0 million bales of which 0.12 million bales are produced locally. Rest of the demand nearly 98 per cent is being met by importing it from various countries and about 35 per cent of total cotton import comes from Uzbekistan.

56th ICCB Executive Board Meeting held
Reviewed various activities and upcoming events

The 56th Meeting of the ICCB Executive Board was held on 10 September. At the beginning of the Meeting ICCB President along with Board Members offered prayer for Barrister Dr. M. Zahir, who died in Bangkok on 11 July. The Board Members recalled with gratitude his contribution in formulation of Constitution of Bangladesh, various laws and setting up legal institutions, in particular in establishment of the Bangladesh International Arbitration Centre (BIAC) - *The Institution for Alternative Dispute Resolution* and in finalizing its rules.



56th ICCB Executive Board Meeting in progress.

The Executive Board reviewed the activities of ICC Bangladesh during April-August as well as discussed about participation at various

international upcoming events, such as UNESCAP Workshop in Yangon on 23-27 September, Commonwealth Business Forum in Colombo on 11-14 November and Asia Pacific Business Forum (APBF) of UN-ESACP in Sydney on 25-26 November. Presided over by ICC Bangladesh President Mahbubur Rahman, the Meeting was attended by ICC Bangladesh Vice President Latifur Rahman and the following members : A.S.M. Quasem, Aftab ul Islam, Kutubuddin Ahmed, Mahbub Jamil, Mahbubul Alam, R. Maksud Khan, Barrister Rafique-ul Huq, Sheikh Kabir Hossain, Syed Ershad Ahmed and Syed Manzur Elahi.

The meeting was held at ICC Bangladesh Board Room.

New ICCB Members

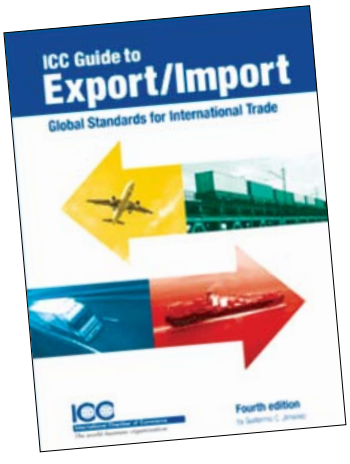
Nordic Chamber of Commerce and Industry in Bangladesh (NCCI) has joined ICC Bangladesh as a member under Organization Group. NCCI was founded in 19 January 2011 as a joint initiative of the Nordic Companies operating in Bangladesh. The Nordic businesses have a strong presence in Bangladesh, making significant contributions in various sectors. It has at present fifty Corporate and four Individual Members.

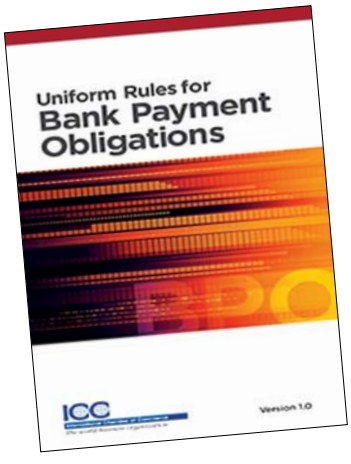
Newage Textiles Ltd. has joined ICC Bangladesh as a member under Corporate Group. Newage Textiles, a sister company of Newage Group of Industries is a manufacturer and exporter of textile products. Established in 2001 this modern plant occupies 120,000 sq. ft. of tranquil park land located at Newage Industrial Park, Kaliakair, 55 km from Dhaka. The plant produces nearly 12 metric tons of fabrics per day to cater to the ready made garment (RMG) factories of Newage Group. The Company specializes in knitting, dyeing and finishing single jersey; honeycomb & lacoste pique; interlock; double jersey; 1x1 rib; 2x2 rib; CVC; TC; cotton/ viscose; cotton/lycra; ottoman and 100% cotton using state-of-art European machineries. The Newage Textiles is certified by various international testing organizations for quality and compliance.

Li & Fung Bangladesh Ltd. has joined ICC Bangladesh as a Corporate Member. Li & Fung (Bangladesh) Limited, a member of the Li & Fung Group, has been in operation in Bangladesh since 1985.The company's exports of RMG and other consumer products from Bangladesh is over US$1billion.

Li & Fung Limited, established in Hong Kong in 1906, is a multinational group and recognized as the world's leader in consumer goods design, development, sourcing and distribution. The Company specializes in supply chain management of high-volume, time-sensitive goods for leading retailers and brands worldwide via an extensive global network. Over the years, Li & Fung Limited has won numerous industry accolades for its performance, governance and sustainability. The Company is committed to the highest operational standards, conducting its business with integrity and good corporate governance practices with an emphasis on transparency and accountability. Sustainability considerations are embedded into its corporate policies and risk management systems.

Selected ICC Publications







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News in Picture



Director of Fung Global Institute Ms. Barbara Meynert with ICCB President Mahbubur Rahman, during her visit to ICCB. Also seen in the picture are Vice President of Li & Fung Bangladesh Roger Hubert (2nd from left) and ICCB Secretary General Ataur Rahman.



ICCB Secretary General Ataur Rahman speaking at the concluding session of the Trade Workshop on UCP 600 and Incoterms 2010. Also seen in the picture are: Vincent O' Brien(3rd from left), Digby Bennett (extreme left) and HSBC Officials.



Vincent O' Brien handing over a Certificate to a participant at Trade Workshop on UCP 600 and Incoterms 2010 for HSBC clients, Jointly organized by ICC Bangladesh and HSBC held in Dhaka on 27 August.



Group picture of participants at ICC Workshop on New ISBP 2013 & URBPO held in Chittagong on 25 August.

Bangladesh Economy

Per Capita Income crossed US$1,000 and GDP stood at 6.18 %

The size of the Bangladesh economy, its growth rate and per capita income have increased according to new estimates of the Bangladesh Bureau of Statistics (BBS) using 2005-06 as the base year. Under the new base year, GDP during FY 2012-13 in current prices stood at US$153.58 billion as against US$134.17 billion based on existing 1995-96 base year.

The new estimate also showed an increase in fiscal 2012-13's growth rate: the economy grew by 6.18 percent in constant prices as opposed to 6.03 percent under the existing base year of 1995-96. Per capita income, which stood at $923 in the existing base year, rose to $1,044 in the new estimate. In addition, the new base year showed a reduced gap in savings and investment in the economy. Calculating the per capita income, the new base year of 2005-06 has taken into account many economic activities and service sectors which were not reflected in the calculation in the old base year of 1995-96. The rise in per capita income manifests the real rise in the people's purchasing power.

The estimates were presented on September 4 at a meeting attended by Finance Minister AMA Muhith, Planning Minister AK Khandker, Food Minister Muhammad Abdur Razzaque and Fisheries and Livestock Minister Abdul Latif Biswas. Economist Prof. Wahiduddin Mahmud, who heads a technical committee for revision and rebasing of GDP calculation year, was also present at the meeting held at the BBS headquarters.



BBS said the calculation of GDP under the new base year will help reflect a more accurate picture of the economy as many new sectors have emerged since 1995-96. Under the latest base year, 24 new crops have been added to the basket of 100 to calculate the contribution of the agricultural sector. The new additions include green banana, green papaya, green coconut, soybean, cucumber, hog plum, red amaranth, bottle gourd, olive, ripe palm, marigold, rose and tuberose.

The contributions of Bangladesh Forest Industries Development Corporation and Bangladesh Fisheries Development Corporation such as fish fry and dried fish have been included in the agriculture sector in the new base year. BBS says the inclusions will boost the gross value addition (GVA) of agriculture by 9 percent. In the industrial sector, gas refining activities by state-run Petrobangla and data of survey of manufacturing industries (SMI) has been included in the new base year.

Private power plants along with Power Grid Company of Bangladesh have been added to compute GVA of the power sector. In construction sector, brick, wood and fixtures and fittings have been added with the existing cement and rod in the new 2005-06 base year. Overall, the GVA in the industrial sector will increase 5 percent after the inclusion, according to BBS.

The GDP of services sector, too, is set to increase, by 16 percent, under the new base year. BBS has included motor vehicles repairing, activities of Trading Corporation of Bangladesh. The economic contributions of the private airlines, clearing and forwarding and travel agents, internet service providers and cable operators would also be accounted in the new base year.

Big boost for Jute
Bangladeshi scientists decode genome sequence of golden fibre

Three years into the successful genome sequencing of tossa jute, Bangladeshi scientists led by Dr Maqsudul Alam have unravelled the genome sequence of deshi (white) jute. This completes the genome sequencing of both genera of jute — tossa and white — thereby opening up scopes for developing more productive jute varieties in future. Prime Minister Sheikh Hasina, M.P. made announcement during a press briefing held on August 18. The decoding of deshi jute genome has come as another success in knowing better the world's second most important natural fibre after cotton. Bangladesh is the world's second largest producer of jute, after India, and the world's largest exporter of the fibre.

Genome sequence represents a valuable shortcut, helping scientists find genes much more easily and quickly. A genome sequence allows scientists to identify and understand

how genes work together for the plant's different features like growth, development and maintenance as an entire organism. This allows them to manipulate the genes and enhance, reduce or add certain features of the plant.

Dr. Maqsudul Alam, who had earlier decoded the genome of papaya in the US and rubber plant in Malaysia, led the sequencing of both tossa and deshi jute genome. The initiative for jute genome sequencing began in February, 2008 when Maqsudul started exploring the possibilities along with several other Bangladeshi scientists and academics. The whole process was kicked off with many long distance conference calls between Maqsudul and plant molecular biologists Prof Haseena Khan and Prof Zeba Seraj of biochemistry and molecular biology department of Dhaka University.



Bangladesh Government has taken steps to establish the intellectual property right (IPR) on jute and all scientific research on jute including its genome sequence, said the Prime Minister. She said the government has initiated the Basic & Applied Research on Jute Project (BARJ) by providing necessary funds to improve the productivity and quality of jute fibre by utilising genome information.

Food production to double

BARI scientists successfully test four crops a year

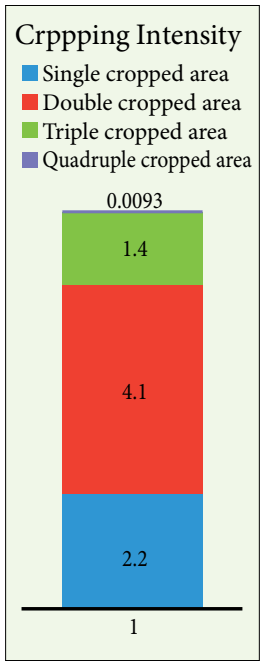
Bangladeshi agronomists have come up with a marvelous way of raising farm output in a land-strapped country. They have successfully experimented with a "four-crop" model that shows the country's food production could be more than doubled. This comes as a great relief for an overpopulated country that loses its scarce farmland to non-farm activities (housing, urbanisation, industrialisation and infrastructure building) by one percent a year, according to Daily Star published on September 08.

The agronomists at Bangladesh Agricultural Research Institute (BARI) have found out that if cropping intensity is increased by growing four crops a year in all cultivable lands, farm output will sharply increase. They have also dispelled concern about over-exploitation of soil resources, saying that the crop rotation would rather replenish soil nutrients with the green manure in sequence left after the harvesting of cereals and other crops.

It is evident from the BARI experiments done in 2011-12 and 2012-13 cropping seasons that by introducing the four-crop rotation, farmers can potentially harvest over 34 tonnes of rice equivalent yields (REY) from each hectare of land. The output is more than twice the farmers usually harvest (14.37 tonnes) in a double-crop-a year pattern. REY means the amount of rice one can get by selling mustard, potato, rice and whatever grains one grows in a year in a given land.

The BARI field experiments also found that in a double-crop pattern, an average farmer gets a gross return of around Tk. 200,000 by investing just a little over Tk. 100,000. But the amount of return can be as high as Tk. 500,000 if a farmer goes for four-crop-a year by making an investment of over Tk. 200,000. The investment is calculated without taking land price/rent into consideration. At present four crops are grown only in 9,300 hectares of land in the country, three crops in 1.4 million hectares, two crops in 4.1 million hectares and one crop in 2.2 million hectares.

According to official statistics, the country's total cropped area stood at 14.94 million hectares in recent years as against its net cropped area of only 7.84 million hectares



thanks to the 191 percent cropping intensity. Cropping intensity means the number of crops grown in a piece of land in a year. If one crop is grown

in a year, cropping intensity is 100 percent.

Theoretically, if all cultivable lands come under quadruple cropping, the country's total cropped area would reach an astounding 31.56 million hectares. Even if all lands come under triple cropping, the total cropped area would be as high as 23.25 million hectares, said officials. Bangladesh's cropping intensity has already reached 191 percent, making the country one of the most intensified cropping zone in the world. Now, introduction of the four-crop rotation, as planned by the government, would further increase the country's cropping intensity (up to 400 percent) and thereby increase the total farm output.

According to a 2009 Planning Commission report, Bangladesh loses over 80 thousand hectares of agricultural land each year, or in other words nearly one percent a year is being turned into non-agricultural land.

It is because of the farmland depletion that Bangladesh slips back, even after achieving rice self-sufficiency in 1999-2000, due to an annual population growth of 2.5 million. Thanks to releases of some high-yielding varieties in recent years and pragmatic policy support, this year the country again reached a self-sufficiency point as far as rice, the staple, is concerned.

Against this backdrop, the BARI is taking the four-crop model to farmers' plots on a limited scale beginning with the present Aman (winter season) season on successful completion of a two-year field trials in as many as 14 areas across the country. During the last two years, they had experimented with various combinations of crops in different areas of the country so that the four-crop model is suited to diverse agro-ecological environments.



In some regions, they will promote 'Aman-mustard-Boro-Aus' pattern while in some other regions they will suggest the combination of 'Aman-potato-Boro-Aus', and in other areas farmers can go for 'Aman-mustard-mung bean-Aus'. The choices of crops can vary from place to place but the main target remains the same — going for higher cropping intensity, according to BARI.

Apart from increasing farm production, BARI scientists said, crop rotation also mitigates the build-up of pathogens and pests that often occurs when one species is continuously cropped, and can also improve soil structure and fertility by alternating deep-rooted and shallow-rooted plan

World's first zinc-enriched rice released

A decade-long research by Bangladesh scientists has culminated in the release of the world's first zinc-enriched rice variety, capable of fighting diarrhoea and pneumonia-induced childhood deaths and stunting. The scientific feat comes with Bangladesh Rice Research Institute (BRRI) breeders succeeding in biological fortification (biofortification) of the staple with one of the most vital micronutrients zinc.



The National Seed Board (NSB) on August 26 approved release of the hi-zinc rice — named Brri dhan-62 — which is also the most early-maturing variety ever released for Aman (winter) season. Besides, 10 other high yielding and submergence, salinity and disease tolerant varieties of rice, jute and potato were also released.

The BRRI breeders developed the hi-zinc rice with support from HarvestPlus, which is a global biofortification mission launched back in 2004 under the Washington-based global agro-science coordinating body Consultative Group for International Agricultural Research (CGIAR).

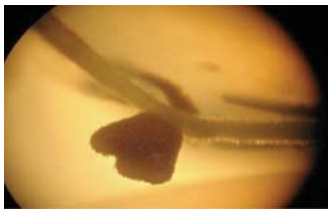
Zinc, iron and vitamin-A are the three most vital micronutrients, deficiency of which hampers children's natural growth and decrease their disease prevention capacity. In Bangladesh, over 40 percent children under five are stunted while an estimated 44 percent children of the same age group are at risk of zinc deficiency.

The other varieties the NSB released are three rice varieties developed by the Bangladesh Rice Research Institute (BRRI), four rice varieties by Bangladesh Institute of Nuclear Agriculture (Bina) and two jute and one potato varieties.

Bangladeshi scientist discovers 'helpful bacteria' from lentil roots

Bangladeshi scientist Harun-or-Rashid has discovered a new species of 'helpful bacteria' that helps in increasing yields by creating nodule at the root of lentil crops. He said the bacteria can help in producing high-end bio-fertilisers. The bacteria belongs to the Rhizobium species, according to The Daily Financial Express Newspaper published on July 23.

Dr. Rashid discovered the bacteria when researching in Germany on "Genetic diversity of rhizobia nodulating lentil (Lens culinaris) in Bangladesh". He found it on the lentil samples from Bangladesh. His research has been recently published in the 'Systematic and Applied Microbiology' journal. The



International Committee of Bacterial Taxonomy has permitted him to name the new bacteria species. Dr. Rashid, a scientist with Bangladesh Institute of Nuclear Agriculture (BINA), said the new species is several times more beneficial to the crops compared to various types of bacteria found on the lentil roots in other countries.

The scientists said rhizobium bacteria mainly creates nodule in lentil roots from which the crops can take nitrogen as an alternative to urea. It also helps increase the production of the lentil crops. Dr. Rashid started working on the bacteria in 2009 by collecting samples from Germany, Turkey, Syria and Bangladesh that create nodule in lentil roots.

Dutch-Bangladesh Joint Venture co. to set up 2nd largest LPG plant in country

A Bangladesh-Netherlands joint venture (JV) company, BM Energy, is going to set up the country's second largest liquefied petroleum gas (LPG) bottling plant in Chittagong. The capacity of the plant is over 80,000 tonnes per annum. Currently, Bashundhara has the biggest capacity with nearly 85,000 tonnes.

The joint venture group involving garment-logistics-housing-media business is investing around Tk. 4 billion in the project. The company has already completed civil work for the plant at Barabkunda area in Chittagong with the hope to go into commercial production sometime in the next year. This will be the country's eighth LPG plant. It is procuring its equipment from Belgium, France, Korea and Denmark. The installation of equipment will begin in October-November this year. Apart from two units of government-owned companies, Cleanheat LP Gas, Premier LP Gas, Summit LP Gas, Bashundhara Gas, and Jamuna Spacetech Gas are in operation in the country. The combined capacity of the above plants is around 200,000 tonnes but they supply around 100,000 tonnes a year.

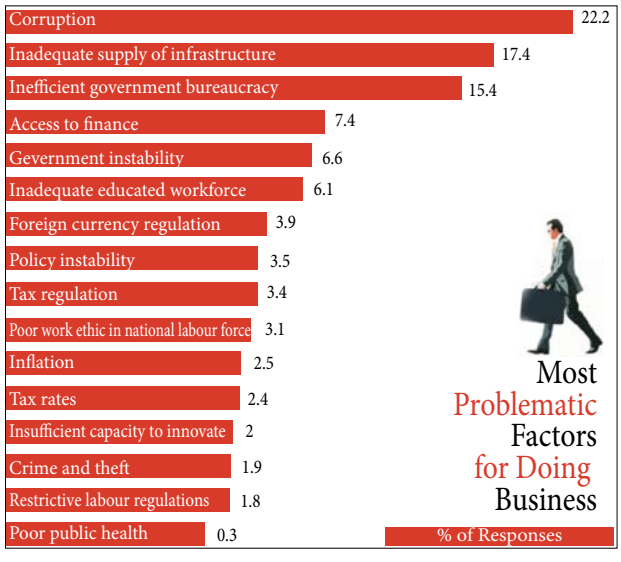
In the meantime, international oil company Chevron has also shown its interest to set up an LPG pant in the country.

Bangladesh has moved up eight notches in Global Competitiveness Index

Bangladesh has moved up eight notches to 110th in this year's Global Competitiveness Index (GCI), compared with last year's 118th. Improvement in two key areas—macro-economic management and infrastructure—helped the country make progress in the index for 2013-14, according to the Global Competitiveness Report (GCR) released by Centre for Policy Dialogue on September 09.

GCR is an annual publication of the World Economic Forum (WEF), which has already published the report worldwide. GCR is one of the world's most comprehensive and respected assessments of country competitiveness, offering insight into policies, institutions and factors driving productivity and then, enabling sustained economic growth and long-term prosperity.

"The global financial crisis and the ensuing developments have heightened the role of emerging economies in the global context." "This has accelerated the major economic transformations already underway, which have fueled rapid growth and lifted millions of people out of poverty," it said.



Based on the report, the WEF made an index of 148 countries this year, after evaluating 12 different issues, known as "twelve pillars". The pillars include institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency and labour market efficiency. Financial market development, technological readiness, market size, business sophistication and innovation have also been considered to prepare the competitiveness index.

According to the latest GCI, the most problematic factors for doing business in Bangladesh are corruption, inadequate supply of infrastructure, inefficient government bureaucracy, access of financing, government instability and inadequately educated workforce. Policy instability, tax regulations, poor work ethics in national labour force, inflation, tax rates, restrictive labour regulations and poor public health are also creating barriers in doing business in Bangladesh, it said.

Switzerland topped the GCI, followed by Singapore, Finland, Germany and the United States. Among the South Asian nations, India ranked 60th, while Sri Lanka 65th, Bhutan 109th and Nepal 117th.

Bangladesh has made progress in global competitiveness, but corruption has taken over infrastructure deficit as the main deterrent to doing business, according to the Global Competitiveness Report (GCR). Government instability is a rising concern, which came up to the 5th spot from 7th in 2012 and 12th in 2011 in the Executive Opinion Survey.

The Centre for Policy Dialogue conducted the survey between February and April this year, based on a questionnaire developed by Geneva-based World Economic Forum. The findings of the survey were absorbed into WEF's Global Competitiveness Report 2013-14.

The survey found inadequate supply of infrastructure, inefficient government bureaucracy, access to financing and government instability were the other significant problematic factors besides corruption to doing business.

The respondents, which comprise 71 large and medium companies, identified undocumented extra payments or bribes on tax payment and export-import related issues, government's failure to combat corruption, bribes on public utilities and illegal payment on awarding of public contracts and licences as the major elements of corruption. They also said the corporate ethics of firms were not "good enough".

Software export crossed US$100m

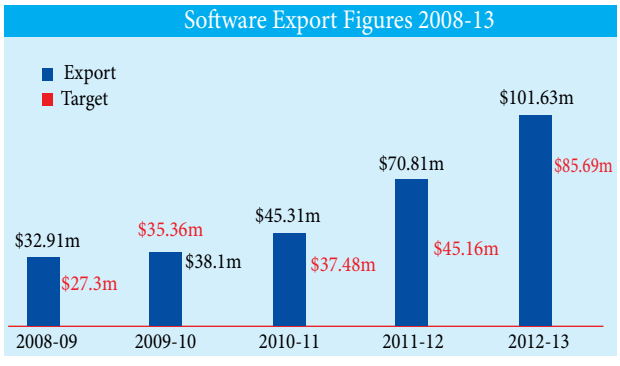
Bangladesh exported software worth $101.63 million in 2012-13 financial year, up by 43.53 percent from the previous year's $70.81 million. It is a milestone achievement for the country's ICT sector. If the current export flow continues, software export will cross $1 billion by 2021, according to BASIS.

However, the target was $85.7m. The country's software export is registering above 40% growth over last couple of years.

The software is a recent booming industry in Bangladesh and enjoying rises in export volume every year. Even the industry has the potential to make the figure $1bn said the industry insiders.

The country has more than 20,000 active freelancers working at home and making contribution to the foreign currency earning, according to BASIS.

The main destinations of Bangladeshi software products are the US, the UK, Canada, Australia, Denmark, Netherlands, Germany, India and Japan.



BIDS jumps 14 points in Asian think-tank survey

Bangladesh Institute of Development Studies (BIDS), the country's premier think tank, ranked 15th in a survey of 40 Asian think tanks, up 14 spots from the previous year. The think tank came in 29th in the previous edition of the survey, conducted on an annual basis by the Think Tanks and Civil Societies Programme (TTSCP) of the University of Pennsylvania. It is the country's only think tank, out of 35, to have managed a spot in the global ranking, according to the Daily Star published on August 01.

Lowy Institute of Australia secured the top slot, followed by Singapore Institute of International Affairs and Centre for Strategic Studies of New

Zealand. The rating list, however, excludes China, India, Japan and South Korea, all of which have been put in a separate category.

BIDS also made it to the 98th position on the list of top 150 think tanks in the worldwide category. Brookings Institution of the US, Chatham House of the UK and Carnegie Endowment for International Peace of the US, took the top three spots.

This global think tank index is the result of an international survey of over 1,950 scholars, public and private donors, policy makers and journalists, who helped rank more than 6,500 think tanks using a set of 18 criteria developed by the TTCSP.

The purpose of the rankings is to help improve the profile and performance of think tanks while highlighting the important work they do for governments and civil societies around the world.

Export witnessed over 11pc growth in FY13

Bangladesh fetched US$27.02bn from exports in the last fiscal year (FY13) against its target of $28bn. However the export earnings witnessed 11.18% growth over the previous fiscal year (FY12), according to the Export Promotion Bureau (EPB). The figure represents a 3.51% shortfall from the target.

Readymade garment once again contributed to a lion's share of the export earnings at 79.63 percent, bringing in $21.52 billion alone, the highest in the country's history. Although it represented a growth of 12.71 percent over fiscal 2011-12, the figure narrowly missed the year's target of $21.54 billion.

In FY13 the country exported knitwear products worth $10.47 billion and woven garments of $11.03 billion. The entry of garment items to new destinations like Japan, India, South Korea, South Africa, Malaysia, Brazil, China, Mexico, Australia, New Zealand and Chile, too, has been cited by many industry watchers as a factor for the strong performance.

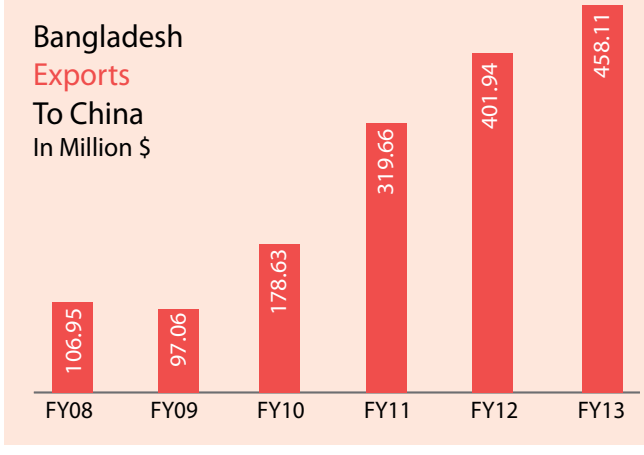
Bangladesh currently stands second, with an approximate 4.80 percent share of the $412 billion pie. After garment, jute and jute goods brought in the next most earnings, of $1.03 billion. Home textile ($791.52 million), agricultural products ($535.74 million), footwear ($419.32 million) and engineering products ($367.47 million) were the other notable export earners.

The export trend for leather and leather products maintained their upward trend during the last fiscal year. Leather exports totalled $399.73m, while leather products brought $161.62m, cotton and cotton products together earned $124.96m, plastic products $84.51m and rubber fetched $13.57m.

BD Exports to China rising fast

Bangladesh's exports to China are fast growing due to the zero-tariff access extended in July 2010. Currently, Bangladesh, as a least-developed country (LDC), gets duty and quota-free entry for 4,788 products to the Chinese market, which, according to Bangladesh Tariff Commission, is 67 percent of the country's export basket.

Exports to the world's second largest economy stood at $178.63 million in fiscal 2009-10, the year before the duty privilege was extended. It shot up to $319.66 million in the following year, according to data from Export Promotion Bureau (EPB). In fiscal 2012-13, exports to China stood at $458.11 million, up about 14 percent year-on-year.



The popular export items to China include readymade garments and textiles, fish and crabs, leather and leather goods, jute and jute yarn, plastic waste.

Trade deficit with India remains high at $4.17 billion in FY13
Deficits in 10 years is around US$ 28 billion

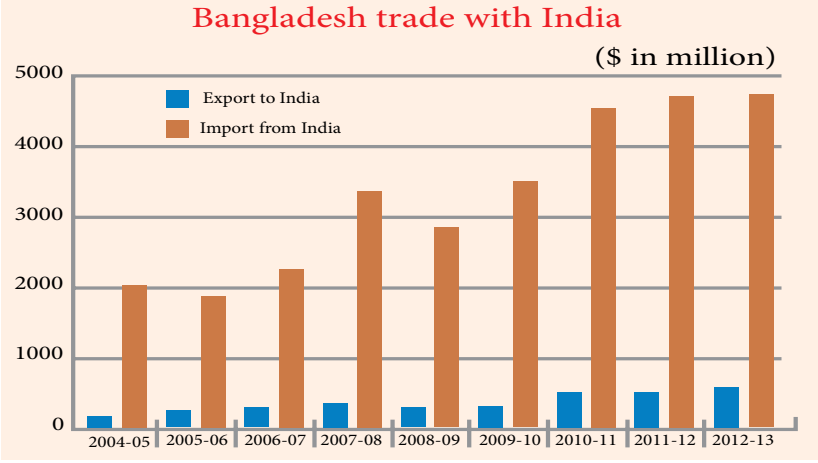
The country's trade gap with India remained high at $4.17 billion in the recently concluded 2012-13 financial year as different non-tariff and para-tariff barriers continued to limit Bangladesh's exports to the neighbouring country. Bangladesh officials had earlier hoped that the country's trade gap with India, which stood at $4.24 billion in FY 2011-12, would come down as India gave duty free access to Bangladesh's main export products—readymade garments—in late 2011.

Economists and businesses said that although the trade gap in the FY2012-13 came down slightly by

1.5 per cent, figure of $4.17 billion was still high as the potentiality of Bangladesh's exports to Indian market was not used properly because of Indian barriers. Bangladesh imported Indian goods worth $4.74 billion in the FY13 against the exports of $563.96 million. In FY12, the imports from India were almost same at $4.74 billion while exports were worth $498.41 million.

During the last ten years export from Bangladesh to India was about US$ 3.3 billion while import was around US$ 31.3 billion. Thus the trade gap between the two countries has been in favour of India and stood at around US$ 28 billion.

Major export items from Bangladesh to India are : frozen food; agri-products; chemical products; leather; raw jute; jute goods; knitwear; woven garments while major Imports from India to Bangladesh are : cotton and cotton fabrics; vehicles; cereals; nuclear reactor, boilers, machinery and mechanical appliances, parts; electrical machinery and equipment and parts; coffee, tea, mate and spices; rubber and articles; salt, sulphur, earths and stone, plastering materials, lime and cement; man-made staple fibres; knitted or crocheted fabrics; aluminium and articles; oil seeds and oleaginous fruits; miscellaneous grains etc.



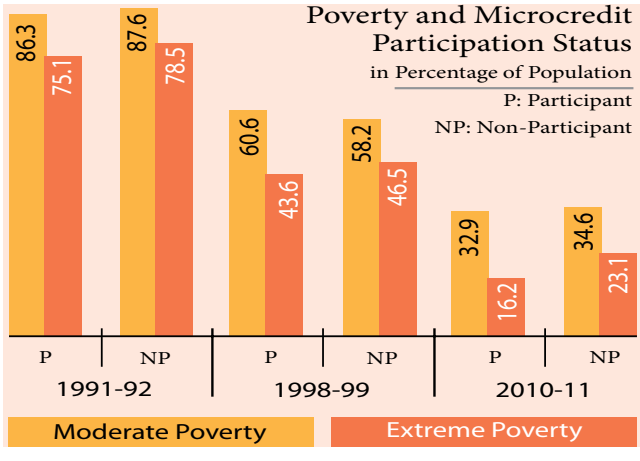
Microcredit helps borrowers earn more, build up assets : WB

Microcredit has helped borrowers earn and consume more, accumulate assets, invest in children's schooling, and move out of poverty, according to a recent study. The study showed significant welfare gains resulting from microcredit participants, especially women. The accrued benefits of borrowing also outweighed accumulated debt, said the study that tracked the changes microcredit has brought in more than 2000 households in 20 years.

Both participants and non-participants of microcredit gained over the last 20 years but poverty reduction was higher for participants than for the non-participants, according to the study. The WB and Institute of Microfinance, a research organization in Bangladesh, jointly conducted the study.

The rate of extreme poverty declined by 2.95 percent a year among the microcredit recipients, while the rate was 2.77 percent for the non-participants, according to the study. The WB shared the findings of the study at a discussion on "are microcredit participants in Bangladesh trapped in poverty and debt?" organized by the microfinance institute at orium of Palli Karma-Sahayak Foundation, Dhaka on July 1.

"This is not to say that the non-participants have failed to progress over the period. Both the participants and non-participants have gained as the economy has grown," the study said. The amount of household net worth rose by 320 percent to Tk 287,000 among the microcredit participants during fiscal 1992-2011, while such net worth increased to Tk 269,000 among the non-participants, according to the study. So borrowers are not trapped in poverty or debt due to microcredit.



The study also said long-term membership with a microfinance institute is not bad as continuous participation is not necessarily a liability. Extreme poverty reduction was 3.2 percent for average and 3.6 percent for continuous participants, it said.

Incidence of borrowing was only 26 percent in 1991, whereas it was 69 percent in 2011, and the average size of borrowing registered a 4 percent growth annually over the last 20 years. Overall, it has played its part in the impressive progress Bangladesh has made in poverty reduction over the past two decades.

MFIs in BD averted microcredit crisis during 2008-2010: WB

Micro Finance Institutions (MFIs) in Bangladesh successfully averted a microcredit crisis during the period 2008 to 2010 as they took necessary steps of slowing growth and other administrative reforms in the sector, said a World Bank study, according to The Daily Financial Express Newspaper published on July 31. The study titled: "CGAP Study: Slowing Growth Key to Avoiding a Microcredit Crisis in Bangladesh" was conducted by the Consultative Group to Assist the Poor (CGAP).

A statement issued by the WB country office in Dhaka said the report indicates that during the period 2008 to 2010, Bangladesh's MFIs successfully averted a microcredit crisis. The report finds that MFIs took the necessary steps of slowing growth and placing renewed focus on repairing finances, improving internal controls, fixing staffing challenges and re-establishing credit discipline to avoid the crisis.

Giving an overview of the microcredit market in Bangladesh from 2004 to 2007, the report shows that the microfinance industry added 15 per cent to 28 per cent active borrowers annually during that time period. But starting in 2008, the number of total borrowers plateaued: the country's four major MFIs stopped adding branches and staff and the number of active borrowers stopped increasing.

The report points out that the MFIs pulled back in reaction to two main problems: first, they began to sense the negative consequences of market saturation; second, they became more aware of internal management problems.

While performance from 2008 to 2010 did suffer, the sector was back on solid footing by 2011 and 2012 as a result of various actions each of the four MFIs undertook on their own.

The report analyses a decade's worth of financial and performance audits as well as other numbers provided by the four largest MFIs.

BD needs to develop major cities to become middle-income country: WB

Bangladesh will need to develop its major cities in terms of economic activities and structural transformation to reach the status of middle-income countries by 2021, the year that coincides with the 50th anniversary of its independence, said a World Bank (WB) publication, according to The Daily Financial Express newspaper published on 18.

It says to accelerate growth Bangladesh needs cities that are more capable to innovating, better connected internally and to external markets, and more livable. The process of developing the cities with improved infrastructure and greater economic activities will be a critical task for the government, said the publication titled "Bangladesh: The Path to Middle-income Status from an Urban Perspective," launched in Dhaka on July 15.

The observations embodied in the publication is based on the results of a survey of 1,000 garment firms conducted across urban locations in Bangladesh. The rapid urbanization in Bangladesh presents unique features which have implications for its journey to middle income status."Strong economic growth has sustained and fuelled urbanization in Bangladesh. Urbanization has enhanced economic transformation through the clustering of economic activities," observed WB Country Director for Bangladesh and Nepal, Johannes Zutt during the launching of the publication.

"As the country has exceptionally high population density it needs equally high economic density to reach middle-income status. And the highly competitive urban areas can only sustain high economic density," said the WB publication.

The urban transition, however, is not yielding all of its potential economic benefits, because the cities in Bangladesh have extremely poor infrastructure and low level of services. Low-value added labour-intensive garment production is a constraint for growth in large cities of the country, said the publication.

Dhaka City should be more vibrant, livable and economically diverse to help the country reach middle-income status. The capital has an advantage of productivity among other cities and urban centres because of unrivalled access to labour and markets.

However, Dhaka is falling behind in accessibility and livability because of high congestion and severe constraints in land and housing markets. It needs to gain a competitive edge in higher-value-added products and services, as garment factories tend to de-concentrate on rapidly growing outskirts of the city.

The peri-urban areas of the capital Dhaka are rapidly emerging as competitive manufacturing centres, but they have not been able to develop to their full potential because of poor infrastructural facilities. Residents, entrepreneurs and businesses in the outskirts of Dhaka also suffer indirectly from the costs of traffic congestion, said the publication. To transform the peri-

urban areas of Dhaka into globally competitive manufacturing centres, Bangladesh will require institutional mechanisms to support coordination between the core and the periphery of metropolitan Dhaka.

Chittagong, the main port and the second largest city is a growing industrial centre of the country. From the perspective of garment firms, it is a lower-cost, lower-productivity location compared to Dhaka City. It is a less competitive location than Dhaka City in access to labour and market. But lower productivity compensates for lower land and housing costs. Chittagong City also has an advantage in accessibility given its access to the port, said the publication.

"Chittagong City has failed to capitalise on its natural comparative advantage as Bangladesh's largest seaport city. Improving the competitiveness of Chittagong Port as part of a modern logistic chain within the Dhaka-Chittagong corridor will be critical for growth," the news report quoted WB South Asia Urban and Water Unit, Sector Manager, Ming Zhang as saying. Improving the competitiveness of Chittagong Port, and enhancing accessibility within the Dhaka-Chittagong corridor will be critical for growth.

"Small and medium-size cities are uncompetitive locations that lack access to markets from the perspective of the garment sector," said the publication.

Poor not covered by BD's social protection system: ADB

A large number of poor and vulnerable people are not covered by Bangladesh social protection system, leaving them exposed to risks and unforeseen difficulties, said an Asian Development Bank (ADB) study. The report published on the ADB website on July 03, ranked Bangladesh 28th among 35 countries from Asia and Pacific region based on Social Protection Index (SPI). Due to falling support these people suffer from unemployment, ill health, and natural disasters, the report added.

With the expenditures for social protection was less than 3 percent of its GDP in 2009, Bangladesh is among the countries where progress on social protection needs to be accelerated, though its low-income is likely to constrain its ability to mobilise the necessary revenue, it further said.

Most of Bangladesh's existing social protection programmes are focused on the labour market, making up 36 per cent of all social protection expenditures. Its three major programmes, including the largest Employment Generation for the Ultra-Poor reach well over 6 million beneficiaries, or about 23 per cent of all social protection beneficiaries.

Bangladesh's expenditure on disaster relief has been a major part of its social assistance system, accounting for 19 per cent of social protection spending in 2009, the study stated. Almost 18 million people (roughly 12 per cent of the population) were beneficiaries of such relief that year, it added.

The study lauded the social pension programme for elderly women, stating, "Evaluations of the gender impact of Bangladesh's allowances suggest that they have helped increase the access of elderly women to healthcare services."

The SPI is an indicator that divides total expenditures on social protection by the intended beneficiaries of all social protection programmes, said the study. Three major programmes are taken into consideration when calculating SPI for a given country, social insurance, social assistance and active labour market programmes, it added.

Introduced in 1998, the programme accounts for almost 7 per cent of Bangladesh's total social protection expenditures and covers 21 per cent of those aged 60 and older, benefiting 900,000 women in 2009.

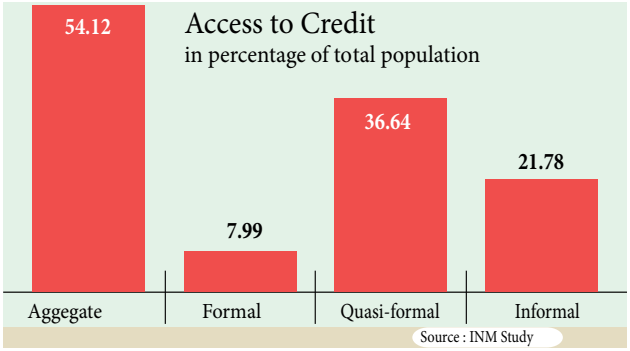
However, the SPI results suggest that Bangladesh needs to expand its social protection systems and make the impact more equitable not just for the poor but for a substantial proportion of the non-poor, the study suggested.

Bangladesh comes second in financial inclusion in South Asia

Bangladesh stands second among South Asian nations in ensuring access to financial services for its citizens, a recent study found. Around 66 percent of the households in Bangladesh now have access to services including credit, savings and insurance from banks or microfinance institutions (MFIs) and cooperatives, according to Institute of Microfinance (InM).

The country comes second only to Sri Lanka, where 80.4 percent of the population is covered by the financial umbrella. In contrast, only 48 percent of the households in India have access to such services and 60 percent in Pakistan. It has been observed that financial inclusion as percentage of the total population increased to 56.43 percent in 2010 from 39.76 percent in 2004, Bangladesh Bank said in a report.

A total of 8,936 households were randomly selected from 275 upazilas in 63 districts across the country for the study. The households' five-year credit profiles were used to define access to credit, while access to savings and access to insurance were measured by current or past use of these services.



The study found that households have to bear more borrowing cost for getting loan from formal credit market than from MFIs and cooperatives. Non-interest cost as percentage of average total transaction cost is the highest in formal credit market, where it is over 16 percent. The study, however, suggested that fundamental changes in financial policies and market structure are required for sustainable financial inclusion.

Nobel Laureate Yunus given rare honour by US Congress

Yunus dedicates the highest US civilian award to people of Bangladesh

Nobel Laureate Prof Muhammad Yunus received the Congressional Gold Medal, the highest civilian award of the United States, in recognition of his efforts toward combating global poverty. Prof. Yunus is the seventh person in the US history to have won both the Congressional Gold Medal and the Presidential Medal of Freedom, another of the highest US civilian awards. Yunus won the latter award in 2009.

"Professor Yunus set out to do what may be the biggest thing of all, and that is liberating people to seek a better life. And not just any people, but men and women who had only known misery, who had been told they were no good," House Speaker John Boehner said during the award ceremony held in the Rotunda of the United States Capital in Washington DC on 17 April. House and Senate leaders presented Prof Yunus with the Congressional Gold Medal, which was announced in 2010.

"To do all this, he first had to teach himself how to run a bank from scratch. That was when he realized he had to do the exact opposite of what a bank normally does to make his idea work. Then there was actually getting people to borrow the money, to see value in themselves, to spark their sense of wonder. He had to convince them that they too didn't need rank or status to advance their place in life," said Speaker.

The achievement places him in the company of Norman Borlaug, Martin Luther King Jr, Nelson Mandela, Elie Wiesel, Aung San Suu Kyi and Mother Teresa — personalities who have received the two medals from the US as well as the Nobel Peace Prize.

"I'm grateful to the US Congress that it paid attention. Many people do good things that are never recognised. I'm very blessed that way," he said, while dedicating the honour to the people of Bangladesh.



House Speaker John Boehner presenting the Congressional Gold Medal to Nobel Laureate Prof Muhammad Yunus in the Rotunda of the US Capitol. House Minority Leader and former Speaker Nancy Pelosi was also present.

"It's very emotional. It's not only an endorsement, but an inspiration for everybody who has supported us — colleagues and friends, staff and borrowers of the Grameen Bank, all the people who participate in social business," Prof. Yunus told The New York Times ahead of the ceremony in Washington DC.

In the next five years, Yunus wants to see at least one percent of the world economy made up of social business, his new passion.

Through his Grameen Bank, Nobel Laureate Yunus pioneered the movement and helped hundreds of millions come out of poverty. Today, microfinance providers reach

about 200 million clients globally. In Bangladesh, the Grameen Bank, the first bank in the world owned by poor women, has 8.4 million borrowers — 96 percent of whom are women.

In 2010, the US Senate unanimously approved a bill to award Yunus the medal, which represents Congress' highest expression of national appreciation for distinguished achievement and contribution. Former recipients of the Congressional Gold Medal include George Washington, Sir Winston Churchill, Elie Wiesel, Pope John Paul II, Rev. Dr Martin Luther King Jr and Coretta Scott King.

"If we can make that 1 percent happen, I think the world will be completely different. People will see how exciting it is, and soon the level will rise from 1 to 5 percent and pave the way to 50 percent," observed Nobel Laureate Yunus.

Social business is a non-dividend company dedicated to solving human problems. It allows the company to make profit, but it stays with the company. The owner will only get



back the original investment, and nothing more, according to Prof Yunus.

He is upbeat about the success of social business, as he was in the case of microcredit.

"There's a whole generation of young people coming up with social business ideas. Profit making doesn't interest them as much as it interested people before, particularly the post-war Liberation War of Bangladesh generation. Their main question is: What am I going to do with my life? What is the purpose of my life?"

Yunus said once people like the idea of social money, they would start diverting their business money into social businesses. The microcredit pioneer said it was very much possible to eradicate poverty.

"With the creative power we have today, this is a do-able proposition. We can create a world where poverty doesn't exist. In order for the next generation to see poverty, we'll have to create poverty museums. That's where poverty belongs, not in human society."

"So let's put this on the list of impossibilities that we want to make possible within the next 20 years. That's the way change takes place," Prof. Yunus said.

Prof. Yunus ranked 11th among world's most influential business thinkers

Nobel Peace Laureate Prof. Muhammad Yunus has been featured as one of the most influential business-thinkers in a new ranking compiled by The Wall Street Journal. The founder of Grameen Bank and pioneer of microcredit and social business concepts that are being followed around the world was ranked 11th in the 2013 list of business-thinkers.

Paul Krugman, Nobel prize winner in economics, topped the list. He was followed by Joseph Stiglitz, Bill Gates, Michael Porter, Thomas Friedman, Eric Schmidt, Richard Branson, Malcolm Gladwell, Robert Reich, Jack Welch, Prof Yunus, Niall Ferguson, Michael Dell, Howard Gardner and Jimmy Wales in the order. The results were based on Google hits, media mentions and



academic citations, according to The Wall Street Journal.

The findings show how much the business-guru landscape has changed since the previous ranking in 2008. The 2008 list that was done using a similar methodology had author and consultant Gary Hamel as the no. 1 business-thinkers. Tom Davenport, a professor at Babson College, compiled this year's ranking with Jeffrey Cronin of Harvard Business School.

"I call the new list the invasion of the celebrity economists," Davenport said. The financial crisis has made economic insight valuable to businesses and consumers alike. "People are casting about for what caused the crisis. That's one of the reasons economists did so well in the rankings," Davenport noted.

MJL Bangladesh forms joint venture in Myanmar

MJL Bangladesh has become the first local company to explore the untapped Myanmar market by setting up a joint venture company in the once isolated country. The company got the chance after the central bank recently allowed capital investment outside Bangladesh, a long-awaited demand of the Bangladeshi business people.

The joint venture company — MJL & AKT Petroleum Ltd — formally started marketing Mobil brand lubricants on July 2 in Yangon with an initial investment of $1 million. MJL Bangladesh owns a 51 percent share and Aung Kyun Thar (AKT) Co. of Myanmar the rest in the new company. Bangladesh Bank has allowed MJL to take $510,000 as its equity investment in the company. The remaining $490,000 has been invested by the Myanmar's AKT.

Many Bangladeshi business people visited Myanmar since the country has opened up its economy after remaining isolated for long from the

rest of the world. Businesses from China, India, the US and Europe are considering the country as their next potential investment destination. Also, the Myanmar parliament last year passed a foreign investment law, clearing the way for overseas companies to invest in the country.

MJL Bangladesh Ltd, formerly known as Mobil Jamuna Lubricant Ltd, is the first and only joint venture company established by ExxonMobil in the downstream petroleum sector of Bangladesh. EC Securities Ltd, an investment wing of East Coast Group, owned by Chowdhury and his family, holds the majority stake after ExxonMobil's divestment in 2003. Later, MJL Bangladesh commissioned a lube oil blending plant, the first of its kind in the country, in May 2003.



Bangladesh Bank announces half yearly Monetary Policy

This issue of the Bangladesh Bank (BB) half yearly Monetary Policy Statement (MPS) outlines the monetary policy stance that BB will pursue in H1 FY14 (July-December 2013), based on an assessment of global and domestic macro-economic conditions and outlook. This MPS was preceded by productive consultations with a range of key stakeholders and web-based comments were also received.

In FY12 the economy was faced with the challenges of rising inflation and balance of payments pressures stemming largely from a sudden surge in oil imports. In order to address these challenges BB pursued a more restrained monetary policy stance which, along with other policy measures, helped curb inflationary pressures and significantly strengthened foreign exchange reserves. In FY13 the economy faced a different set of challenges. Robust foreign remittance and export growth along with sluggish import growth led to a sharp growth of Net Foreign Assets (NFA) which needed to be sterilized.

Moreover declining inflation and concerns over a slowdown in growth created space for a 50 basis point rate cut by BB in January 2013 with the aim of influencing bank lending rates downwards. At the same time the January 2013 MPS set out a monetary program consistent with bringing average inflation down to the targeted 7.5% level. Data for the second half of FY13 suggests that solid progress was made towards these key objectives.

Reserve money growth and growth of net domestic assets of Bangladesh Bank remained within program targets, despite the aforementioned NFA surge. Broad money growth was also close to program targets. Average inflation measured using the 1995/96 base year continued its decline and in June 2013 it reached 7.70% from 8.40% in January, though core inflation (non-food, non fuel) is on a rising trend since April 2013 reflecting aggregate demand pressures. Retail interest rates also declined during these six months with the spread between lending and deposit rates dipping below 5% and its trend indicating that lending rates have declined faster than deposit rates. Frequent strikes in H2FY13 contributed to general investor uncertainty which along with more stringent lending practices by domestic banks led to a slowdown in domestic private sector credit growth.

The introduction of new foreign currency borrowing facilities by BB partially compensated for this as some consumers switched to lower cost overseas financing with overall private sector credit growth, from both local and foreign sources, amounting to 13.6% in May 2013. GDP growth in FY13 is estimated to be 6.03% by BBS, slightly short of BB's FY13H2 MPS forecast of 6.1-6.4%. Improved external balances are reflected in the accumulation of international reserves to over USD 15 billion at the end of FY13, sufficient to cover 4.9 months of projected imports. Foreign exchange reserves have risen to a record $16.03 billion—for the first time in Bangladesh—on the back of an increase in remittances and exports and low investment.

Key underlying drivers included double digit remittance and export growth coupled with sluggish imports. The Taka: USD nominal exchange rate appreciated by 2.6% in H2FY13 and real exchange rate data suggests that there has been a marginal loss in export competitiveness – though BB's interventions in the foreign exchange market have limited this significantly by slowing the appreciation of the Taka in keeping with the goal of avoiding excessive exchange rate volatility. Moreover by opening up working capital borrowing at lower interest rates from foreign sources to exporters in FY13, and increasing the size of the Export Development Fund (EDF), export competitiveness is being actively supported.

Looking ahead to FY14, the inflation target announced in the Budget is

7.0% using the 1995/96 base. The equivalent target using the 2005/06 base could be in the range of 6.0-6.5%. The risks to the inflation target stem partly from likely wage increases in both the public and private sectors which will further add to existing aggregate demand pressures. Another risk to food inflation in particular stems from possible supply-side disruptions if prolonged nationwide strikes take place, recent increases in food inflation in India and as in all years risks due to weather related factors affecting agriculture.

BB's current growth outlook for FY14 is that output growth is unlikely to deviate significantly from the last ten year average of 6.2%. This is based on current and projected trends of a number of variables including global growth, exports, investment, imports, remittances etc. BB will update its forecasts on a regular basis during the course of the year and the monetary program will also be flexible to accommodate any significant change in these forecasts.

Monetary policy stance for H1 FY14 (July-December)

The monetary stance in H1 FY14 takes these recent economic developments into account and will target a monetary growth path which aims to bring average inflation down to 7% (using the 1995/96 base), while ensuring that credit growth is sufficient to stimulate inclusive economic growth. Specifically we aim to contain reserve money growth to 15.5% and broad money growth to 17.2% by December 2013. The space for private sector credit growth of 15.5% for December 2013 and 16.5% in June 2014 has been kept well in line with economic growth targets and higher than the average of 'emerging' Asian economies.

This level is sufficient to accommodate a substantial rise in demand for credit if it materializes though actual private credit growth may not use up all the space in the monetary program as it will depend on the investment climate in the lead-up to the national elections. The monetary stance also assumes government borrowing from the banking sector will remain around the FY14 budgetary figure of 260 billion taka.

The decision to keep repo rates and reserve requirement ratios unchanged following the fifty basis point rate cut in January 2013 was based on a number of factors. The growing inflationary pressures over the past several months along with the prospects of wage pressures, possible supply-side disruptions and rising regional inflation imply that achieving the FY14 inflation target of 7% will be a challenge.

As such BB has decided to keep policy rates unchanged. Moreover the growing liquidity in the banking system suggests that an easing of reserve requirement ratios is also unnecessary. Effective transmission of monetary policy requires strengthening credit and debt markets and this will remain a key focus for H1FY14. Overall there is a greater focus on improving corporate governance in banks as well as using automation and capacity building to strengthen BB supervision.

Specific actions within performance agreements (MOUs) for SCBs and specialized banks including Basic Bank include ceilings on loan growth and the need to provide regular reporting to BB on a number of issues including large loan approvals, single borrower exposure, off-balance sheet items etc. Clear progress on these benchmarks will be important before any recapitalization of these banks.

This monetary policy stance also aims to preserve the country's external sector stability. BB anticipates further build-up in foreign reserves in FY14 though at a more moderate pace than FY13. BB will continue to support a market-based exchange rate while seeking to avoid excessive foreign exchange rate volatility.

Monetary Policy stance for H2 FY13 (January-June)

The FY13 H2 monetary policy stance is designed to ensure that the credit envelope is sufficient for productive investments to support the attainment of the government's FY 13 real GDP growth target while keeping it consistent with the targeted 7.5% average inflation rate for FY 13. In view of the risks to output growth due to the uncertain ties around the global economy, BB will reduce all repo rates by 50 basis points effective immediately. BB has also revised its monetary program with a broad money growth target of 17.7% in June 2013 compared to the FY 13H1 MPS target of 16.5%, and a new private sector growth envelope of 18.5% in June 2013 compared with the original program of 18 %. BB has created further space in its monetary program in case there is greater lending appetite for productive purposes in H2FY 13 and sufficient to accommodate even an optimistic scenario for FY13 output growth.

At the same time BB remains committed to bringing inflation down further, and also to avoiding asset price bubbles, and as such continues to encourage banks to use the space for private sector growth for productive, and not speculative, purposes. This' balanced' monetary policy will also aim to minimize excessive volatility of the exchange rate.

These objectives involve trade-offs and the balance between BB's instruments and its targets will be reviewed regularly.

Regional News

St.Petersburg G20 Leaders' Summit for stimulating strong, sustainable and balanced growth

The G20 Leaders' Summit was held in St. Petersburg on September 5-6. The Summit, which is the culmination of the Russian Presidency year, marked the 5th anniversary of the G20 at the Leaders' level.

The key objective of the G20 at this moment, given the continuing instability at the financial markets, unemployment remaining high and persistent global imbalances, is fostering strong, sustainable and balanced growth. To get closer to attaining this goal, Russia has set forth a number of tasks for the G20 to stimulate economic growth and job creation, primarily through encouraging long-term investment, ensuring trust and transparency at the markets and enhancing effective regulation.

Leaders' attention at their meeting was mainly focused on the issues of ensuring economic growth and financial stability, quality job creation and tackling unemployment, searching for the new sources of growth and investment financing, as well as strengthening multilateral trade and international development assistance.

The G20 Leaders also took into account the recommendations elaborated by the Business 20, Civil 20, Labour 20, Think 20 and Youth 20 throughout the year of the Russian Presidency. In addition, Leaders met with representatives of the business community and labour unions on the sidelines of the Summit.

The 2-day-long Summit resulted in the adoption of the G20 Leaders Joint Statement that reflected the G20's intentions and concrete mechanisms for further work on stimulating strong, sustainable and balanced growth.

Vision Statement of G 20 Summit in St. Petersburg

We, the Leaders of the Group of Twenty, reaffirm the role of the G20 as the premier forum for our international economic cooperation.

When we first met in Washington on 15 November 2008, financial markets were in turmoil, global output was contracting at an alarming pace, trade was plummeting, unemployment was rising, and the future prosperity of women, men and children was at stake. A truly global crisis called for a truly global solution.

In Washington, London and Pittsburgh, we took decisive steps to stimulate the world economy, restore growth, recapitalize financial institutions, launch an ambitious program to reform the financial sector, maintain open market sand clamp-down on tax havens. Significantly, we established the Financial Stability Board (FSB), tripled the resources available to the IMF, and put in place our Framework for Strong, Sustainable, and Balanced Growth. This coordinated response helped to alleviate severe market distress and avert a global depression. In Toronto, Seoul, Cannes and Los Cabos the G20 demonstrated its leadership in returning to fiscal sustainability and promoting growth and job creation, structural, financial and tax reforms, anti-corruption, development, energy, agriculture, and fostering inclusive green growth. We also started working in partnership with developing countries outside the G20 to narrow the development gap and reduce poverty. In Saint Petersburg we have emphasized restoring strong and inclusive growth and employment while ensuring fiscal sustainability, promoted financing for investment, including in infrastructure; made further progress on financial reforms; and we have made strong commitments on trade, development, addressing tax evasion, and on changing the rules that allow international tax avoidance related to the erosion of tax bases and shifting of profits.



G20 Leaders at St.Petersburg

Because of our actions, the global economy is more resilient. However, the process of recovery is not completed. Important challenges are still to be fully addressed, including

high unemployment. We still need to work to ensure that growth is strong, sustainable, inclusive and balanced.

We today reaffirm our conviction that the foundation for sustainable growth and rising prosperity for all is an open world economy based on market principles, effective regulation, inclusiveness and strong global institutions, underpinned by the closer partnership and collective action and shared responsibility of the G20, based on effective policy coordination. We believe that prosperity must be shared; that the benefits of economic growth are for all, men and women, the poorest and most vulnerable, for this generation and the next.

Through the G20, we reaffirm our commitment to act together to

- raise growth, create jobs and boost confidence;
- maintain fiscal sustainability;
- continue to reduce internal and external imbalances;
- keep markets open for trade and investment;
- promote a rules-based international economy;
- ensure a stable, well-functioning and transparent global financial system;
- support strong and more representative global institutions;
- promote open and transparent governments and
- build an inclusive and sustainable global economy for all.

Strong collective action by the G20 remains the most effective way forward. As a forum of major advanced and emerging economies, we will reinforce our efforts for policy coordination and collaboration to strengthen growth, and manage any spill-over effects from our domestic decisions. We will build on progress achieved and combine our efforts and pursue of our commitment to ensure recovery and lay the foundations for strong, sustainable and balanced growth. Five years after the beginning of the crisis, we must continue to put the wellbeing of individual people at the centre of our growth agenda. We also need to maintain the financial sector on a sound footing and at the service of the real economy.

As a Forum representing over 80% of the global economy, we have a responsibility to all citizens. We will remain engaged with the international community as a whole and make sure that the interests of countries at all stages of development are taken into account.

Nor can we ignore the far-reaching impact of our actions. To this end, we will strengthen our engagement with the Business20, Labour20, Civil20, Youth20 and Think20 and listen carefully to all institutions and countries that are not in the Group.

We will continue to draw on the quality analysis and policy advice of international organisations, including the IMF, WB, OECD, FSB, UN, ILO and WTO.

The coordinated response of the G20 helped to avert a global depression and clearly demonstrated the Group's value as a coordinating body for economic crisis management. Going forward, the G20 will build on this success and will continue to play a critical role in the global economy, by developing a common understanding of the new challenges we face and coordinating our actions to overcome them. Although the acute phase of the crisis is behind us, our determination to work together to achieve strong, sustainable, balanced and inclusive growth is unabated.

G20 Finance Ministers pledged growth before austerity

The Group of 20 nations pledged on July 20 to put growth before austerity, seeking to revive a global economy that "remains too weak" and adjusting stimulus policies with care so that recovery is not derailed by volatile financial markets. Finance Ministers and central bankers signed off on a communique that acknowledged the benefits of expansive policies in the United States and Japan but highlighted the recession in the euro zone and a slowdown in emerging markets.

"While our policy actions have contributed to contain downside risks, those still remain elevated," the statement said. "There has been an increase in financial market volatility and a tightening of conditions." Indications that the US Federal Reserve would scale back its monetary stimulus dominated the two-day talks in Moscow, with emerging markets most concerned by a resulting selloff in stocks and bonds, and a flight to the dollar.

Hosts Russia said G20 policymakers had soft-pedalled on goals to cut government debt in favour of a focus on growth and how to exit central bank stimulus with a minimum of turmoil. While the US recovery is gaining traction, China's export motor is sputtering, Japan's bid to break out of deflation has not reached escape velocity, and demand in the euro zone is too weak to sustain a job-creating recovery.

Officials backed an action plan to boost jobs and growth, while rebalancing global demand and debt, that will be readied for a G20 leaders summit hosted by President Vladimir Putin in September. "We remain mindful of the risks and unintended negative side effects of extended periods of monetary easing," the statement said. "Future changes to monetary policy settings will continue to be carefully calibrated and clearly communicated." In return for its pledge to 'message' its monetary policy intentions clearly, Washington managed to ensure that the text contained no binding fiscal targets, saying that consolidation should be "calibrated" to economic conditions.

Sources at the meeting said Germany was less assertive than previously over commitments to reduce borrowing

to follow on from a deal struck in Toronto in 2010, with the improving U.S. economy adding weight to Washington's call to focus on growth. With youth unemployment rates approaching 60 percent in euro zone strugglers Greece and Spain, the growth versus austerity debate has shifted – reflected in the fact that G20 finance and labour ministers held a joint session on July 19.

The crisis in the euro zone periphery has been exacerbated by capital outflows, and the communique pledged to move "decisively" with reforms to create a banking union in Europe that could revive cross-border lending.

Exchange rates and the threat of competitive devaluations barely figured, delegates said – in contrast to an ill-tempered G20 meeting in February coloured by talk of currency wars. Ben Bernanke's announcement two months ago that the Fed may start to wind down its $85 billion in monthly bond purchases sparked a panicky sell-off, particularly in emerging markets. Investors were calmed by testimony to Congress this week by Bernanke, who is not in Moscow, although he said the exit plan from money-printing remained on the cards.

The G20 accounts for 90 percent of the world economy and two-thirds of its population – many living in the large emerging economies at greatest risk of a reversal of capital inflows that have been one of the side effects of the Fed stimulus. "One thing we would like to emphasise is the importance of coordination," said Indonesian Finance Minister Chatib Basri, cautioning that scaling back policies of quantitative easing elsewhere "immediately affects" emerging markets.

China faced calls to encourage domestic demand-driven growth and allow greater exchange rate flexibility as part of wider efforts to rebalance the global economy which features a huge Chinese surplus and matching U.S. deficit. Japan, which holds an upper house election on July 22, in turn drew criticism for giving little detail on structural reforms billed as the 'third arrow' of Prime Minister Shinzo Abe's economic turnaround plan, G20 sources said.



G20 Finance Ministers and Central Bank Governors in Moscow

The International Monetary Fund warned that turbulence on global markets could deepen, while growth could be lower than expected due to stagnation in the euro zone and slowdown risks in the developing world. "Global economic conditions remain challenging, growth is too weak, unemployment is too high and the recovery is too fragile," Managing Director Christine Lagarde told reporters. "So more work is needed to improve this situation."

Finance Minister Taro Aso said Tokyo would strive to craft a credible fiscal plan by the time of the September G20 summit. Aso also said he would go ahead next April with a planned hike in sales taxes, key to stabilising Japan's public debt which, at over 200 percent of GDP, is the highest in the G20.

China-Asean trade to hit $500b

Bilateral trade between China and the Association of Southeast Asian Nations (ASEAN) will reach 500 billion US dollars in 2015, Chinese Vice Minister of Commerce Gao Yan disclosed at a press conference on July 23. According to the Ministry of Commerce (MOC), China-ASEAN bilateral trade has surged in the past decade, from US$ 54.77 billion in 2002 to US$ 400.1 billion in 2012, with an average annual growth rate of 22 per cent. The first half of 2013 saw a year-on-year growth of 12.2 per cent in China-ASEAN trade that totaled 210.56 billion US dollars, the MOC said.



As ASEAN's biggest trade partner, China kept a trade surplus of 8.5 billion US dollars in 2012 in its trade with the 10-nation group and pledged to increase imports from ASEAN. By the end of June, Chinese direct investment in ASEAN countries totaled nearly US$30 billions, and direct investment from the ASEAN toward China exceeded US$ 80 billion, according to the MOC.

Gao said China will further join hands with the ASEAN to carry out the free trade agreement as the China-ASEAN free trade area was established on Jan. 1, 2010.

The 10th China-ASEAN Expo held on Sept. 3-6 in south China's Guangxi Zhuang Autonomous Region, included a celebration of the 10th anniversary of China-ASEAN partnership.

China Worlds top three investors in 2012

China became one of the world's top three investors for the first time during last year (2012) as its foreign investment soared to a new record. The Asian giant's overseas direct investment rose 17.6 percent last year from 2011 to $87.8 billion, according to a statement jointly released on 9 September by Chinese Ministry of Commerce, the National Bureau of Statistics and the State Administration of Foreign Exchange.

Globally, overseas direct investment fell 17 percent, with China's comparative rise making it one of the world's top three investors, the statement said without specifying which were the other two. Last year's increase represented an acceleration from 8.5 percent in 2011, when the global economic recovery was weak in the face of continuing financial turmoil in Europe and the United States.

Beijing has been encouraging Chinese companies to "go international" as the country's economy steams ahead, with its appetite expanding for both resources and global market share. In May 2012 China Three Gorges, operator of the world's biggest hydro-electric dam, closed a deal to buy a 21.35 percent stake in power generator Energias de Portugal for 2.7 billion euros ($3.56 billion). In November, sovereign wealth fund China Investment Corp (CIC) acquired a 10 percent stake in Britain's Heathrow Airport for 450 million pounds ($704 million).



CIC was set up in 2007 with $200 billion to make better use of China's colossal foreign exchange reserves that now amount to nearly $3.5 trillion, and its total assets stood at $575.2 billion at the end of 2012.

The government aims to increase overseas direct investment at an average annual rate of 17 percent through 2015 to $150 billion.

By the end of 2012, China's total outstanding overseas direct investment stood at $531.9 billion, the 13th highest in the world, said the statement.

Growth picking up in major rich nations, says OECD

Growth is picking up pace in most major rich nations but momentum is slowing or stable in emerging economies, the Organisation for Economic Development and Co-operation (OECD) said on September 9.

Economic growth is accelerating in the United States, Britain and the eurozone, while it is above trend in Japan, according to the OECD's index of composite leading indicators. The index is considered to be a reliable guide to future economic activity. The index suggested Italy and France are switching to growth.

But the OECD, grouping 34 advanced countries, said growth was below trend in Brazil and India. Meanwhile it was returning to trend in China and was around trend level in Russia.

India had a "weak" business cycle reading with growth below trend in latest Asian Business Cycle Indicators report. Singapore and Malaysia were now rated as stable. Indonesia and Thailand had weak ratings.

The OECD said "the key imminent downside risk facing Southeast Asia, China and India is the turmoil in the financial market, triggered by the prospects of tapering of quantitative easing (QE) policy in the US.

It noted emerging Asian economies with large current account deficits that are more vulnerable to rapid capital outflows such as India and Indonesia bore the brunt of the financial turmoil.

The OECD warned volatile global oil prices due to tension in the Middle East could also pose a problem if the situation persists.

In a separate report, the OECD said the Philippines is the only emerging Asian nation with strong business cycle momentum, although China and Singapore have stabilised, the OECD Development Centre said.

Chinese growth was now returning to trend, meriting a "Stay the same" reading for the business cycle, after a slowdown that had weakened momentum across ASEAN nations.

ICC HQs News

ICC responds favourably to G20 final communiqué

ICC was buoyed that G20 leaders maintained a focus in their final communiqué on their shared economic objectives, despite the G20 Summit in Saint Petersburg being dominated by the dark shadow of a deepening crisis in Syria. In the declaration, issued following the G20 Summit that ran 5-6 September, G20 leaders committed to continue working together to maintain the steady if not spectacular progress on the road to strengthening and re-balancing the world economy.

ICC G20 Advisory Group in this year's delegation of Business-20 representatives also reflected the increasing recognition of ICC's role as the voice of international business throughout the process and from Summit to Summit.

The work carried out by G20 officials over the last year has produced agreements on trade, protectionism, taxation, anti-corruption and other measures central to ICC's policy agenda and which will generate



The substantive nature of this communiqué is evidence that the annual Summit is only the most visible part of the process, overlying the result of ongoing work by sherpas and officials throughout the year.

In Saint Petersburg, G20 leaders endorsed a work programme of detailed measures for their countries to implement. These measures are designed to boost sustainable growth and job creation, and are the product of an established process of policy coordination between G20 countries that has evolved since the G20's inception in 2009.

Business is playing an increasing role in this process, developing and presenting policy recommendations to the G20. The inclusion of the ICC and CEO members of the millions of jobs and stimulate growth in the world economy. It is for these reasons that global business attaches great importance to the G20, especially as so many of today's major economic problems are global in nature and require a global approach to dealing with them.

The following sections delineate ICC's initial views on the outcomes from Saint Petersburg. In presenting these views, we note that nations acting alone – even the most powerful – can no longer produce solutions. What is vital is more effective and cooperative global governance. The recent economic problems of several emerging market countries in the face of nascent economic recovery in the US and Europe further reinforce the story of inescapable interdependence.

Trade

Protectionism undermines the benefits of trade and, therefore, ICC has routinely called on the G20 to eliminate trade protectionism measures and other barriers to open trade. To this end, ICC is pleased that G20 leaders have extended the standstill agreement until 2016. ICC urges all G20 leaders to commit to finalizing a WTO trade facilitation agreement at the 9th Ministerial Conference of the WTO in December 2013 in Bali.

Investment

While ICC is encouraged by the recognition of G20 leaders on "the key role of long-term investment for sustainable growth and job creation, as well as the importance of putting in place conditions that could promote long-term financing for investment, including in infrastructure and small- and medium-sized enterprises (SMEs)", more needs to be done in order to address the fall in FDI following the global economic recession, improve underlying investment conditions and enable long-term project financing. The establishment of a high-standard multilateral framework for investment, led by G20 countries and based on ICC Guidelines for International Investment could help restore FDI flows by as much as 25% and address impediments to the mobilization of private capital.

Anti-Corruption

ICC appreciates the G20's acknowledgement of the leadership role it can play in this area and its resolve to enhance transparency and close implementation and enforcement gaps. Moving forward, ICC urges G20 leaders to honour commitments for the complete ratification of the UN Convention against Corruption (UNCAC) which

could result in the eradication of US$1 trillion in bribes, and lead to a 1% increase in economic growth in developing countries and a 5% increase in investment.

Taxation

ICC welcomes the G20 endorsement of the action plan from the Organisation for Economic Cooperation and Development (OECD) that identifies a set of domestic and international actions to address the problems of base erosion and profit sharing (BEPS). ICC concurs with findings in the OECD report that unintended double non-taxation should be addressed by governments.

Energy

ICC is pleased that the G20 continues to address critical issues related to cross-border energy and the challenge of climate change. It welcomes the extended mandate for the G20 Energy Sustainability Working Group (ESWG), and encourages the ESWG to continue its cooperation with international organizations regarding sustainable development, clean energy, and energy efficiency.

Business Engagement

ICC attaches great significance to the G20's continued acknowledgement of the importance of business input to the G20 agenda. This year's special session for "social partners" and the formal engagement with business leaders highlighted the steady improvement in government-business dialogue in the G20 since Korea sponsored the first Business-20 Summit in Seoul in 2010.

But more can be done by the G20 to tap business expertise. International Chamber of Commerce (ICC) encourages the G20 to more systematically invite business into the process, and, as the long-standing interlocutor for international business, International Chamber of Commerce (ICC) stands ready to support and implement.

Global economic outlook dims while US recovery continues, ICC-*Ifo* survey reveals

The world economy has weakened slightly this quarter, mainly due to declining optimism in Asia and Latin America, while North America shows signs of continuing recovery, according to a World Economic Survey published on August 14 by the International Chamber of Commerce (ICC) and the Munich-based economic research institute *Ifo*.



Carried out in partnership with ICC, the latest Ifo World Economic Survey of more than 1,000 economists in 123 countries shows some decline in both the current global economic situation and the six-month economic outlook. The poll's climate indicator dropped to 94.1 for the third quarter of 2013, back down to early 2013 levels, despite a rise to 96.8 in the second quarter.

ICC has also been urging members of the World Trade Organization (WTO) to reach a final agreement on trade facilitation, which could result in GDP increases of approximately US$960bn and create over 18 million jobs worldwide, according to a study by the Peterson Institute. As for signs of global economic recovery, Klaus Wohlrabe, Deputy Head of Ifo's Center for Business Cycle Analysis and Surveys, explained that developments in the next three months are crucial.

Asia cautious

In Asia, the Ifo economic climate indicator fell to below its long-term average following a temporary boost in optimism in the previous quarter. This was driven mainly by increased caution about China's six-month economic outlook, while the current economic situation slipped below "satisfactory".

North America brightens

WES experts have become more upbeat about North America's economic situation over the past year, and expectations continue to rise, suggesting economic recovery will continue.

Eurozone hopes up

The ICC-*Ifo* poll suggests emerging economic stabilization in the Eurozone. Economic expectations have reached a three-year high, boosting the area's economic climate indicator to its highest level since late 2011. Only Slovenia and Cyprus expect continued economic decline. However, while assessments of current economic conditions in euro countries are back up to early 2013 levels, the overall economic climate is still below its long-term average.

Ifo attributes this optimism in the Eurozone to "a lack of bad news" since confidence was boosted last year by the European Central Bank President Mario Draghi's pledge to protect the Eurozone from collapse. This is giving countries the time they need to put into effect measures for economic recovery.

ICC-Ifo survey respondents describe the economic situation as "poor" in France, Greece, Italy, Portugal, Spain and Cyprus. They are slightly more positive about Belgium, Ireland, Finland, The Netherlands and Slovenia. Germany and Estonia are the only economies to be scored as "satisfactory to good".

Inflation

Overall, WES analysts expect a 3.2% increase in prices for 2013, unchanged from the previous

quarter. Estimates for the euro area fell to 1.7% for 2013, down from 1.9% in the previous quarter. Short-term interest rates, set by central banks, are expected to remain largely stable on average over the next six months. However, a growing number of analysts expect a rise in long-term interest rates, which are affected mainly by the capital market. Despite a slight increase forecast in long-term interest rates over most of the Eurozone, decreased or unchanged rates are expected in crisis-afflicted countries.

WES participants expect the value of the US dollar to grow moderately over the next six months, and the US dollar to appreciate against the euro.

Spotlight on tax competition

An ICC special question in the survey focused on business attitudes to governments competing for foreign investment by lowering their tax rates. In all world regions, at least half the WES experts say business in their country considers legal tax competition between countries to be "potentially harmful if not limited by international agreement". About a third consider international tax competition to be "beneficial" – ranging from 21% for Oceania to 44% for CIS, and a small proportion say it is "harmful".

Economic experts were also asked "Which tax do you find most burdensome in administrative terms for business in your country?". Here, results vary across the world, with corporate income tax considered the most bureaucratically oppressive in Asia, North America and Oceania. Employers' social security contributions are cited as the worst red tape for tax in Western and Eastern Europe, CIS and Latin America. Meanwhile, VAT or sales tax is most burdensome for business in Africa and the Near East. In most regions, branch-specific and energy taxes pose the least trouble.

Christopher Newmark to chair ICC Commission on Arbitration and ADR

ICC welcomes Christopher Newmark as the new Chair of the ICC Commission on Arbitration and ADR, the body which drafts and revises various ICC rules for settling international disputes by means of arbitration, mediation, expert proceedings and dispute boards. Mr Newmark will start on his new role as of 1 January 2014.

Mr. Newmark is a partner at the London firm Spenser Underhill Newmark LLP, a niche practice specializing in international arbitration and ADR. He has acted as chairman, sole arbitrator or party appointed arbitrator in several international arbitrations under ICC, the London Court of Arbitration (LCIA), the Arbitration Institute of the Stockholm Chamber of Commerce (SCC), the United Nations Commission on International Trade Law (UNCITRAL) and other arbitration rules.



The ICC Commission on Arbitration and ADR brings together experts in the field of international dispute resolution from across the globe and across jurisdictions, and currently has over 690 members coming from more than 90 countries. It is responsible for drafting and revising ICC's dispute resolution rules and clauses.

The commission successfully completed revision of the ICC Rules of Arbitration in 2011. It has also recently approved new ICC Mediation Rules, which will replace the ICC ADR Rules and will enter into force on 1 January 2014. It is also currently revising the ICC Expertise and Dispute Board Rules. In its research capacity, it proposes new policies in the interest of efficient and cost-effective dispute resolution and provides useful tools for the conduct of dispute resolution.

ICC renews CDCS partnership with Institute of Financial Services

The International Chamber of Commerce (ICC) and the Institute of Financial Services (*Ifs*), UK have announced the renewal of their 15-year-old partnership in relation to the Certificate for Documentary Credit Specialists (CDCS®) qualification.

CDCS® is delivered and examined by the Institute of Financial Services. It is the globally-recognized qualification for documentary credit specialists – those professionals who manage the secure payments that underpin international trade transactions – and is acknowledged as the benchmark of competence for international practitioners in letters of credit.

Through the partnership, ICC and the Institute of Financial Services will work together to enhance the



programme on an on-going basis and augment its uptake across the globe.

The partnership will support both the adoption of international standards for letters of credit and the career development of documentary credit professionals.

CDCS® has been developed in consultation with industry experts to ensure that the skills gained through the programme of study reflect best practice. It was first examined in 1999 and since then, CDCS professionals from more than 75 countries have taken the qualification.

ICC announces newly named Commission on Arbitration and ADR



The ICC Executive Board has approved a name change for the ICC Commission on Arbitration. The commission's new name is the ICC Commission on Arbitration and ADR. The change aims to better reflect the broad scope of the commission's activities, which primarily encompass international arbitration but also all other dispute resolution services offered by ICC.

The ICC Commission on Arbitration and ADR is ICC's rule-making and research body in the field of international dispute resolution. The global forum comprises more than 690 members from over 90 countries and includes lawyers, in-house counsel, arbitrators, mediators, law professors and experts in various dispute resolution fields.

The commission addresses how new practices, policies and legislative developments affect international arbitration and other dispute resolution services. Recent projects include a report on the role of parties and their in-house counsel in international arbitration and a task force on Decisions as to Costs. The commission is also responsible for drafting and revising ICC's dispute resolution rules and clauses. The commission successfully completed its work on the revision of the ICC Rules of Arbitration in 2011. The commission has also recently approved new ICC Mediation Rules, which will replace the ICC ADR Rules and will enter into force on 1 January 2014. It is also currently revising the ICC Expertise and Dispute Board Rules.

Christian Albanesi becomes Court Managing Counsel

The International Court of Arbitration of the International Chamber of Commerce has announced the promotion of Christian Albanesi to the position of Managing Counsel following the departure of Victoria Orlowski earlier this month.

Mr. Albanesi joined ICC in 2007 as Deputy Counsel in the Court's Latin American, Spanish and Portuguese team and took over as team Counsel in 2011. He is a qualified lawyer in Argentina and France, having studied law at the University of Buenos Aires and the Sorbonne University of Paris.

Prior to joining ICC, Mr. Albanesi, who also studied Russian language at the Pushkin Institute in Moscow, worked in Buenos Aires for three years at Argentinian law firm Marval, O'Farrell & Mairal and for six months at the Paris office of international law firm Freshfields.



ICC reacts to OECD Action Plan on international taxation issues



ICC has welcomed today's publication of an Organisation for Economic Co-operation and Development (OECD) action plan, created in response to a request by the G20, which identifies a set of domestic and international actions to address the problems of base erosion and profit sharing.

Lacking coordination between countries on tax rules – including differences between OECD countries and emerging markets on source and residence based taxation – differing definitions of economic instruments and legal entities as well as administrative procedures can lead to double taxation or unintended

so called double non-taxation. Responding to the OECD report the ICC Commission on Taxation said that it is essential to address these issues in the BEPS project.

Speaking on behalf of world business, ICC has stressed the need for universal rather than sector specific changes of international tax rules stating that corporate income tax should continue to be levied according to where economic activity takes place and profits are rendered. Prices of goods or services must reflect economic activity and ICC agrees with the OECD report that unintended double non-taxation, in a situation with so-called hybrid instruments, should be addressed by governments.

ICC is pleased to note that its project for International Tax Reform, announced at the United Nations Tax Expert Meeting in October 2012, will be launched shortly. The project is aligned to the OECD and G20 proposal to develop new global tax standards and ICC looks forward to working together with the OECD and G20 to help define the contours of a suitable global tax framework that encourages business activities, job creation and economic growth.

With business members in all G20 countries, The International Chamber of Commerce (ICC) is uniquely placed to provide business comment on the OECD proposals and the current overhaul of international taxation rules which calls for an inclusive and transparent process.

ICC names three new Banking Commission Technical Advisors

The International Chamber of Commerce (ICC) on July 16 announced the appointment of three new technical advisors for its Commission on Banking – a leading global policy and rule-making body for the banking industry known worldwide for its trade finance products and services including Uniform Customs and Practice for Documentary Credits, the most successful privately drafted rules for trade ever developed.

The advisors will help the commission stay relevant within the ever-evolving trade finance industry.

The technical advisors are: Nicole Keller, Vice-President, KfW IPEX-Bank, Financial Institutions Trade & Commodity Finance; David Meynell, Owner of TradeLC Advisory; Donald Smith, President of Global Trade Advisory.

When facing the numerous and often complex problems in establishing documentary compliance and the interpretation of rules and document content, banking professionals regularly turn to ICC for guidance.



Often cited by courts to assist in dispute resolution, ICC Banking Commission Opinions are an important resource for lawyers, bankers, judges and other professionals and scholars in the industry. Today, the ICC Banking Commission provides official opinions on the interpretation of the long-established Uniform Customs and Practice for Documentary Credits (UCP), Uniform Rules for Collections (URC), Uniform Rules for Demand Guarantees (URDG) and Uniform Rules for Bank-to-Bank Reimbursements (URR). In addition, the newly approved Uniform Rules for Forfaiting (URF) and Uniform Rules for Bank Payment Obligation (URBPO) are now the object of official opinions.

The introduction of the new technical advisors is in line with the commission's objective to remain a relevant and recognized authority within the ever-evolving trade finance industry.

IMB Piracy Report highlights violence in West Africa

Somali piracy has fallen to its lowest levels since 2006, focusing attention on violent piracy and armed robbery off the coast of West Africa, the International Chamber of Commerce (ICC), International Maritime Bureau (IMB)'s global piracy report revealed on July 15.



Worldwide, the IMB Piracy Reporting Centre (PRC) recorded 138 piracy incidents in the first six months of 2013, compared with 177 incidents for the corresponding period in 2012. Seven hijackings have been recorded this year compared with 20 in the first half of 2012. The number of sailors taken hostage also fell dramatically; down to 127 this year from 334 in the first six months of 2012.

In the Gulf of Guinea, in addition to a rise in piracy and armed robbery – 31 incidents so far this year, including four hijackings – IMB reports a surge in kidnappings at sea and a wider

range of ship types being targeted. This is a new cause for concern in a region already known for attacks against vessels in the oil industry and theft of gas oil from tankers.

Armed pirates in the Gulf of Guinea took 56 sailors hostage and were responsible for all 30 crew kidnappings reported so far in 2013. One person was reported killed and at least another five injured. Attacks off Nigeria accounted for 22 of the region's 31 incidents and 28 of the crew kidnappings.

Mr Mukundan applauded the signing of the Code of Conduct Concerning the Repression of Piracy, Armed Robbery against Ships, and Illicit Maritime activity in West and Central Africa in June 2013 by the heads of the West and Central African countries.

Somali clampdown

Meanwhile, in East Africa's Gulf of Aden and Somalia, eight piracy incidents including two hijackings were recorded in the first six months of 2013, with 34 seafarers taken hostage.

IMB attributes this significant drop in the frequency and range of attacks by Somali pirates to actions by international navies, as well as preventive measures by merchant vessels, including the deployment of privately contracted armed security personnel.

As of 30 June 2013, Somali pirates were holding 57 crew members for ransom on four vessels. They were also holding 11 kidnapped crew members on land in unknown conditions and locations. Four of these crew have been held since April 2010 and seven since September 2010.

Elsewhere in the world, low level thefts against vessels in ports and anchorages in Indonesia accounted for 48 attacks of which 43 vessels were boarded and some crew injured. IMB's report includes details of the ports and anchorages where attacks appear to be concentrated.

SMEs face significant financing gap, ICC tells high-level WTO Aid-for-Trade review

Speaking at the World Trade Organization Annual Aid-for-Trade Review on July 10, ICC Banking Commission Senior Policy Manager Thierry Senechal said that trade finance intermediation is crucial today as it provides real-time risk mitigation, while improving liquidity and cash flow of the trading parties. It also gives localized small- and medium-sized enterprises (SMEs) much needed access to credit and working capital to finance exports and imports.



Panellists agreed financing constraints are one of the most severe obstacles to trade. Between 80-90% of global trade depends on some sort of trade finance yet structural access issues, related to factors such as poorly-developed banking sectors or perceived country credit risk, continue to act as bottlenecks. A panel session examining the issue, entitled 'Trade Finance and Value Chains – Overcoming Structural Access Issues', featured representatives from ICC, WTO, African Development Bank, Asian Development Bank (ADB), International Finance Corporation, Centre for the Promotion of Imports from Developing Countries and the United Nations Economic and Social Commission for Asia and the Pacific.

In closing remarks WTO Director-General Pascal Lamy said: "Overcoming existing skills gaps in developing countries can help them draw enhanced benefits from their participation in the multilateral trading system. These discussions have brought some key areas into focus, including access to finance — and trade finance in particular."

Panellists concurred that SMEs face disproportionate barriers to finance, especially in developing countries. They also face a significant financing gap. A recent ADB study indicates that the total value of trade finance requests received in 2011 by commercial banks responding to a survey amounted to approximately US$4.6 trillion. of this more than US$1.6 trillion was rejected, suggesting a global, unmet demand (or gap) of US$1.6 trillion (of which US$425 billion in unmet demand was in developing Asia).

When asked to name the most severe obstacles to growth, panellists pointed to financing constraints as one of the most severe obstacles to trade. They said that the economic crisis of 2009 had underscored the multilateral trading system's dependence on trade finance for its effective functioning and still today the financial crisis is casting a long shadow with trade finance facing headwinds that may completely upend the global landscape in which it operates in the next five years.

"There are game-changing events taking place at both the macro- and business levels. Recent ICC research shows that in recent months, merchandise trade has slowed in most major economies, contracted in Europe and fallen in the BRICS. By contrast, economic opportunity is expanding in eastern and southern regions of the globe, with new

champions emerging in terms of growth, including in Indonesia, the Philippines, Nigeria, Ghana and many others," Mr Senechal said. "South-South trade is also on the rise. Just 20 years ago, South-South represented barely 10% of world trade. By 2020, a third of global trade is likely to be South-South re-arranging the global trading system in coming years."

Several panellists argued that there was considerable evidence to support the contention that SMEs face a number of obstacles and problems in accessing finance, mainly related to their limited resources and perceived risk by lenders. Mr Senechal noted that the banking model was severely constrained on a global level with high deleveraging taking place in Europe, poor access to US dollar funding for non-US banks, greater selectivity in risk-taking in many emerging markets and a welter of new regulations.

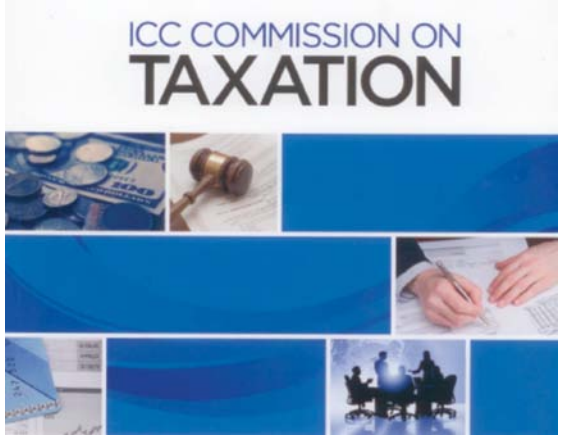
"The future of trade finance may look quite different in coming years: Regulations will become more complex, reducing the capacity of financial institutions to provide lending. A two-speed economic and financial system may also emerge, with developed markets in slow gear and developing markets in higher gear. Finally, new SME entrants are being starved of trade finance in many countries due the prevailing trade finance gap," he said.

Closing the three-day review, Mr Lamy said: "This has not just been three days of numbers, reports and analysis but three days of experiences. By any metric, we achieved the objectives we set ourselves over the past three days and all with one aim in mind: making trade work for development".

ICC issues taxation handbook

The ICC Commission on Taxation has released a handbook to help taxation professionals keep pace with the latest developments in the world of international taxation. The handbook comprises ICC policy positions on taxation and information about the commission's work programme, members and achievements.

The statements contained in the booklet are the result of extensive research, discussion and consultation by the commission members. They include: ICC environmental taxation principles; Limitations of deductions of interests payments; Application of Anti-Avoidance Rules in the field of taxation; Transfer pricing and customs value; Tax treatment of international takeovers/mergers; Transfer pricing documentation model; An optional Common Consolidated Corporate Tax Base in Europe: implications for businesses worldwide; Exit taxes: serious obstacles for international business restructurings and movements of capital; Improving tax efficiency: the responsibilities of tax administrations and taxpayers.



The ICC Commission on Taxation promotes transparent and non-discriminatory treatment of foreign investment and earnings that eliminates tax obstacles to cross-border business transactions. To date, hundreds of copies of the handbook have been made available to over 130 members as well as at major international taxation events around the world, increasing the visibility and accessibility of the important work the commission undertakes.

ICC sets digital economy priorities

Business and legal professionals representing over 20 organizations came together in Paris in the first week of July at a meeting of the ICC Commission on the Digital Economy. The meeting was led by incoming Chair Joseph Alhadeff who began by paying tribute to his predecessor Herbert Heitmann, former Executive Vice-President of External Communications at Royal Dutch Shell, for his long and valuable service to the commission during his six-year long tenure as commission chair.

The biannual gathering presented a chance for members to assess the current digital economy landscape and discuss strategic priorities in light of developments relating to Internet governance, data protection and privacy.

Mr. Alhadeff underscored that privacy, along with the broader issue of Internet governance and cyber-security, were priority issues for the commission along with the development of a new Global Action Plan for the Digital Economy. A ready and practical compendium of business positions, the first edition of the action plan was originally submitted on behalf of business to a ministerial conference on electronic commerce, jointly organized by the Organisation for Economic Co-operation and Development and the

Government of Canada in Ottawa in 1998, where it was well received as the consensus business input.

Day two of the meeting commenced with an update by Christiaan van der Valk and Jacques Beglinger, co-chairs



of the ICC Task Force on Security and Authentication, on preparations for an ICC conference on paperless trade facilitation. Scheduled to take place in 2014, the conference aims to practically address concrete problems faced when trading digitally.

Mr. van der Valk said: "The conference is an opportunity for ICC to be in the forefront on the paperless trade issue and to step up to represent both the business community and users. It is important that the conference is not about abstract policy but rather a chance to get business people to interact with people in government to talk about real issues that create real challenges."

Vice-chair of the commission Gerard Hartsink led a discussion on the possibility of developing an impactful and practical set of ICC guidelines to help executives understand and enhance company cyber-security.

Eric Loeb, Vice-President, of External Affairs at AT&T and Chair of the ICC Task Force on Internet and Telecommunications, wrapped up the meeting agenda by updating members of the commission on the work of the task force, as well as outcomes of meetings of the World Telecommunication Policy Forum and World Summit on the Information Society Action Lines Forum which took place in May. Mr Loeb also looked ahead to meetings including an Internet Corporation for Assigned Names and Numbers meeting in South Africa in July, October's Internet Governance Forum in Indonesia, and the International Telecommunication Union Plenipotentiary Conference in Busan, Republic of Korea from 20 October - 7 November.

ICC urges Members of the European Parliament to remove B2B sales from scope of Common European Sales Law

ICC has asked Members of the European Parliament (MEPs) to remove B2B transactions from the scope of a proposed regulation on Common European Sales Law (CESL) when they vote on the adoption of a draft opinion on CESL on 9 July. The removal would limit the reach of the law to B2C transactions.

The proposed CESL regulation would put into place an optional system of contract rules identical in all European Union (EU) member states, with the aim of facilitating cross-border trade within the EU for companies. It would also provide a high level of consumer protection in B2C sales through clear consumer rights. However, ICC believes that the application of CESL to B2B transactions would not add value for business and indeed would create confusion and additional costs for companies trading across the EU.

The ICC Commission on Commercial Law and Practice has been involved in the discussions on the development of CESL for a number of years and



has repeatedly expressed its concerns about application of the project to B2B contracts, most recently in a statement issued in July 2012, ICC position on the EC proposal for a common European Sales Law, responding to the October 2012 proposal for the CESL regulation.

In light of the important upcoming vote in the European Parliament, an ICC delegation met with individual MEPs in Brussels in June and circulated a letter to members of the Parliament's Internal Market and Consumer Protection Committee setting out four reasons why B2B transactions should be removed from the scope of CESL. They are: 1. CESL will not add value to businesses. 2. CESL risks increasing legal uncertainty and transactions costs. 3. Freedom of contract for companies should be preserved. 4. The UN Convention on the International Sale of Goods (CISG) already exists.

Proposed limitations of the scope of CESL to 'online' or 'digital' contracts will not ameliorate ICC concerns, as most companies conduct business that would fall within such a restricted scope. A preferable solution would be to exclude B2B transactions entirely from the scope of CESL.

WTO News

Global value chains offer opportunity for growth and progress

Global value chains (GVCs) have become a dominant feature of world trade and investment, offering new prospects for growth, development and jobs, according to a new joint report by the OECD, the WTO and UNCTAD presented to the G-20 Summit in Saint Petersburg on 5-6 September. Effective participation in GVCs will require significant further investment in technology dissemination, skill building and upgrading, the report says.

Implication of Global Value Chains for Trade, Investment, Development and Jobs, presented to Leaders at the G20 Summit in Saint Petersburg on 5-6 September, argues that success in international markets depends as much on the capacity to import high-quality inputs as on the capacity to export: intermediate inputs account for over two-thirds of the goods and 70% of the services traded worldwide. The report says action is needed now to implement an effective framework for strong, sustainable, balanced and inclusive growth, in which all countries could reap benefits.

The new report outlines how both the costs of trade and investment protectionism and the benefits of multilateral opening in agriculture, manufacturing and services are much higher in today's highly interconnected world than previously thought. Practical trade facilitation reforms, such as those being negotiated at the WTO today, offer significant potential to reduce trade costs and improve countries' ability to participate in GVCs.



Open, transparent and predictable trade and investment policies need a range of flanking policies to ensure benefits from GVCs are inclusive and widespread. In some developing economies, particularly the less developed, there remains much work to be done to address specific obstacles to effective participation in GVCs. Aid for trade initiatives and trade facilitation can play an important role in supporting the efforts of those economies. Overcoming obstacles to GVC participation will pay big dividends: developing economies with the fastest growing GVC participation have GDP per capita growth rates 2% above average, according to the report.

The new OECD-WTO-UNCTAD report was requested by G20 leaders at their Los Cabos Summit in June 2012, as part of wider efforts to analyse the functioning of GVCs and their relationship with trade and investment flows, development and jobs. The OECD hosted a G20 stock-taking seminar on GVCs in Paris on 29 May.

WTO -World Bank to develop services trade database

The WTO and the World Bank have agreed to jointly develop and maintain a database on trade in services, an area that is becoming increasingly important and yet for which little information is publicly available, according to WTO press release issued on 6 August. The joint database covers various sectors in more than 100 countries, such as financial, transportation, tourism, retail, telecommunications, and business services, including law and accounting.

The data are presented in four modules covering: members' commitments under the WTO's General Agreement on Trade in Services (GATS); commitments on trade in services in regional trade agreements; members' applied measures affecting trade in services; and services statistics. The first version of the database has just been launched, as part of the WTO's Integrated Trade Intelligence Portal I-TIP Services portal.

Policy makers, researchers, trade negotiators, and the general public can access the database for free. Policy transparency is a public good and a shared objective of both institutions. The World Bank makes trade data publicly available under the Open Data Initiative, as does the WTO with the I-TIP.

Transparency is particularly important in the dynamic area of trade in services because the regulatory framework is complex and little information is publicly available. Cross-border trade in services makes up one-fifth of all world trade, even

without considering international transactions through foreign affiliates and the temporary movement of people.

This WTO-World Bank arrangement exploits synergies between both institutions. Among other things, the joint database combines WTO data, including those on legal commitments, trade policy reviews (TPRs) or trade monitoring reports with World Bank data on applied policies from the Services Trade Restrictions Database, which went public last year. Both institutions will work hard to make sure the joint database stays up to date and expands to cover more sectors and countries.

27 governments and organizations stress importance of trade facilitation assistance

In a joint statement, 27 governments and organizations at the Fourth Aid for Trade Global Review on 8 July underlined the importance of providing technical assistance to trade facilitation programmes of developing countries. They noted that trade facilitation commitments rose by 365 per cent in 2011 to a total of more than US$ 381 million.

The following joint statement was issued on behalf of: WTO Members, Australia, Canada, Denmark, European Union, Finland, France, Germany, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States Organisations, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, International Monetary Fund, Islamic Development Bank Group, Organisation for Economic Cooperation and Development, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Economic Commission for Europe, World Bank Group, World Customs Organization.

Joint Statement – Trade Facilitation Assistance

We issue the following statement on behalf of 27 governments and organisations. Taken together, our support for trade facilitation programs has global reach. It has assisted developing and least-developed countries in different regions to achieve significant results – cutting border clearance times, increasing revenue collection, and simplifying procedures for traders.

Trade facilitation reform delivers tangible benefits to economic growth and development. The widespread recognition of these benefits is reflected in the pursuit of trade facilitation initiatives in many developing and least-developed countries and regional cooperation bodies around the world. A WTO Trade Facilitation Agreement would add significant momentum to these initiatives, leading to even greater reductions in trade costs.

Because of the tangible economic benefits for developing and least-developed countries, we attach particular importance to assisting in the implementation of trade facilitation reform. A total of more than $381 million was committed to trade facilitation programs in 2011. This represents an increase of 365% (in real terms) of Official Development Assistance to trade facilitation compared to the 2002-2005 average. Since 2006, over $1.2 billion in ODA for trade facilitation has been disbursed. This underlines the strong and sustained support globally for trade facilitation efforts.

A WTO Trade Facilitation Agreement would build on the progress made to date. We recognize that there are WTO Members that will require support to fully implement the Trade Facilitation Agreement, complementing the support provided to date. Developing and least-developed WTO Members can be confident of our ongoing support for their implementation of a WTO Trade Facilitation Agreement.

Fast-changing nature of world trade poses new policy challenges

The future of world trade, and the global trading system, will be shaped by a range of economic, political and social factors, including technological innovation, shifts in production and consumption patterns, and demographic change, according to the 2013 World Trade Report published by the WTO on 18 July. Director-General Pascal Lamy said: "One element clearly stands out in the Report, and that is the importance of trade for development".

"The transformation of trade has been underway for some time," said WTO Director-General Pascal Lamy. "It is manifested most clearly in wider geographical participation in trade and the rise of international supply chain production. One element clearly stands out in the Report, and that is the importance of trade for development. The forecasts and reflections contained in this report do not foresee a reverse of globalization. But we should remember that the gains it brings could be nullified or at least mitigated if short-term pressures are allowed to override long-term interests, and if its social consequences in terms of the unevenness of its benefits are neglected. This is why renewed efforts are needed to revive the vibrancy

of the global trading system." One of the most significant drivers of change is technology. Not only have revolutions in transport and communications transformed our world but new developments, such as 3D printing, and the continuing spread of information technology will continue to do so. Trade and foreign direct investment, together with a greater geographical spread of income growth and opportunity, will integrate a growing number of countries into more extensive international exchange. Higher incomes and larger populations will put new strains on both renewable and non-renewable resources, generating even greater need for careful resource management. More effort must also be devoted to addressing environmental issues, the report says.

Economic and political institutions will continue to have a significant role to play in shaping international co-operation, including in trade, as will the interplay of cultural customs among countries.

Non-tariff measures will gain in prominence and regulatory convergence will likely constitute the greatest challenge to the trading system of the future. The future of trade will also be affected by the extent to which politics and policies successfully address issues of growing social concern, such as the availability of jobs and persistent income inequality, as well as environmental concerns, say the authors of the World Trade Report 2013.

Main points of the Report are : Trends in international trade; Fundamental economic factors affecting international trade; Trade openness and the broader socio-economic context; Prospects for multilateral trade co-operation etc.

Renato Ruggiero, former Director-General, dies in Milan

Renato Ruggiero, the first man selected to be Director-General of the World Trade Organization, has died in Milan at age 83.

A man of prodigious energy and determination, Mr. Ruggiero served as Director-General from 1995 to 1999. A product of the Italian diplomatic service, Mr. Ruggiero believed the WTO and the multilateral trading system were powerful tools for peace and prosperity. He was highly adept at finding common ground amidst a myriad of seemingly contradictory negotiating positions. In the late 1990s, he played an important role in brokering three important WTO agreements covering information technology products, trade in telecommunications services and trade in financial services.



Mr. Ruggiero was instrumental in guiding Ministers through the First WTO Ministerial Conference in Singapore in 1996. In Singapore, the WTO deepened its activities devoted to the Least-developed countries and commenced its work on trade facilitation, which is today among the most important issues on the WTO's negotiating agenda. In 1998, Mr. Ruggiero oversaw the commemoration in Geneva of the 50th anniversary of the multilateral trading system which included the participation at the 2nd Ministerial Conference of many heads of state and government, including South African President Nelson Mandela, US President Bill Clinton, British Prime Minister Tony Blair, Cuban President Fidel Castro and Brazilian President Fernando Henrique Cardoso. Mr. Ruggiero was the first Director-General to call for elimination of all quotas and duties on exports from the world's poorest countries.

WTO extends scope of the Integrated Trade Intelligence Portal

On 23 July, the WTO launched an expanded version of its Integrated Trade Intelligence Portal (I-TIP), which brings together all trade policy information relating to WTO members. I-TIP now includes, for the first time, information on services.

The new application, known as I-TIP Services, consists of an integrated database that provides information on WTO members' commitments under the WTO's General Agreement on Trade in Services (GATS), services commitments in regional trade agreements (RTAs), applied measures in services, and services statistics (including the latest UNCTAD-ITC-WTO trade in services data). The database will make it easier for members and others to access information relevant for services trade policy making.

The database can be searched by member, sector, agreement, source of information and other criteria. Search results are presented in summary form as well as in more detail. It is easy for users to switch from one module to another.

This new database is available at http://i-tip.wto.org/services/

The WTO has also released an updated version of I-TIP Goods, which now contains a wider range of non-tariff measure notifications, such as on safeguard measures and

state trading enterprises, as well as enhanced functionalities. I-TIP Goods is available at http://i-tip.wto.org/goods/

At the presentation, the the World Trade Organization (WTO) Secretariat also showcased how its upgraded Air Services Agreement Projector (ASAP) will enable users to obtain information on the evolution of bilateral and plurilateral Air Services Agreements and correlated traffic flows.

Integrated Trade Intelligence Portal (I-TIP) also includes information on members' accession commitments and data taken from the World Trade Organization (WTO)'s regular trade monitoring reports.

Russia joins WTO's Information Technology Agreement

The Committee of Participants in the Expansion of Trade in Information Technology Products, on 13 September, confirmed that the Russian Federation has joined the WTO plurilateral agreement that aims to liberalize trade in this important and growing sector of the global economy. The Russian Federation becomes the 78th member of the Information Technology Agreement (ITA).

Russia joined the WTO on 22 August 2012. As part of its accession commitments, it undertook to reduce tariffs on information technology products from 5.4 per cent to zero, and to join the ITA. Its IT exports and imports in 2012 were US$ 0.99 billion and US$ 20.21 billion, respectively.

The ITA participants represent around 97 per cent of world exports in information technology products. The ITA provides for participants to completely eliminate duties on IT products covered by the Agreement. The benefits of this plurilateral agreement are extended to all WTO members.

WTO Director-General Roberto Azevêdo, in welcoming the participation of the Russian Federation in this plurilateral agreement, said that "it marks an important step forward for Russia's information technology sector, as well as for the ITA and its mission of bringing down IT prices for consumers and businesses across the globe".

WTO announces winner of 2013 Essay Award for Young Economists

The winner of the WTO Essay Award for Young Economists 2013 is Felix Tintelnot of Princeton University, the WTO announced at the annual meeting of the European Trade Study Group in Birmingham, United Kingdom, on 12 September. His article entitled Global Production with Export Platforms was ranked first by the Academic Selection Panel.

Felix Tintelnot's paper offers a framework to examine multinational firms' location and production decisions and the welfare effects of such decisions. The general equilibrium analysis presented in the paper reveals that multinational firms play an instrumental role in the transmission of technology improvements to foreign countries. Location decisions of multinationals can therefore have important welfare effects on countries hosting affiliates and on third countries. In the judgment of the Academic Selection Panel, Tintelnot's paper contributes significantly to understanding the cost structure of multinational enterprises and thus towards evaluating the economic effects of trade and investment choices made by some of the most central players in the global economy.

The Academic Selection Panel also decided to award an honourable mention to Benjamin Faber of the University of California Berkeley for his work entitled Trade Liberalization, the Price of Quality, and Inequality: Evidence from



Mexican Store Prices. This paper considers a novel distributional channel of developing country trade liberalization that operates through differences in cost of living inflation between rich and poor households. Using a micro-level dataset, Faber provides evidence that cheaper access to foreign inputs reduces the relative price of higher quality products in the importing country, thus making richer households relatively better off. According to the Academic Selection Panel, the paper offers interesting novel contributions to trade theory and provides convincing empirical evidence based on an impressive dataset.

Felix Tintelnot is a German national. He studied economics at the Free University Berlin (Germany) before obtaining a Ph.D. in Economics from Pennsylvania State University (United States). He is currently an IES Fellow at Princeton University and will join the University of Chicago as assistant professor in 2014.

Benjamin Faber is a German national who received his Ph.D. in economics from the London School of Economics (UK) in 2013 after visiting the University of California, Los Angeles and the MIT during his graduate studies. He is currently an Assistant Professor in the Economics Department at the University of California Berkeley.

Speaking about ICC Bangladesh

International Chamber of Commerce (ICC) - *The world business organization* was founded by a few visionary business leaders of Europe immediately after the First World War (1919) having its HQrs. in Paris. Over the decades, ICC extended its network outside Europe and now having its presence in 127 countries around the world.

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

The activities of ICC Bangladesh (ICCB) include promotion of foreign trade and investment, trade policy reviews, business dialogues, seminars & workshops on related policy issues, harmonization of trade law & rules, legal reforms, updating businesses with the ICC rules & standards for cross border business transactions.

As a part of its regional & international activities, ICC Bangladesh has so far organized four regional & international conferences

In the year 2000 a 2-day ICC Asia Conference on "Investment in Developing Countries : Increasing Opportunities" organized by ICCB was inaugurated by the Hon'ble Prime Minister Sheikh Hasina, M.P. and attended by a number of high profile dignitaries including the Thai Deputy Prime Minister & Director General Designate of WTO Dr. Supachai Panitchpakdi, ADB President Tadao Chino, Under Secretary General and Executive Secretary of UN-ESCAP Dr. Kim Hak-Su and Chinese Vice Minister for Foreign Trade & Economic Cooperation Sun Zhengyu. More than 250 participants from 24 countries participated in this event.

Again, in 2004, a 2-day International Business Conference on "Global Economic Governance and Challenges of Multilateralism" organized by ICCB was inaugurated by the Hon'ble Prime Minister Khaleda Zia, M.P. and the Prime Minister of Thailand Dr. Thaksin Shinawatra was the Keynote Speaker. A galaxy of global leaders including Director General of WTO Dr. Supachai Panitchpakdi; EU Commissioner for Trade Pascal Lamy; Ministers from Indonesia, Sri Lanka, Sweden, Turkey, Vietnam and Zimbabwe; Governor of Japan Bank for International Cooperation (JBIC), Executive Secretary of UN-ESCAP, Executive Director UN ITC, ICC Chairman Jean-Rene Fourtou, Vice-Chairman Y. S. Park, Secretary General Maria Livanos Cattaui, former ICC Chairman Rahmi M. Koc were present among others. 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 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, stock exchanges, capital market operators, financial institutions and investors from 15 Asian countries.

In 2010, ICCB organized a Conference on "Energy for Growth" coinciding with the 15 years of ICC's presence in Bangladesh. The Conference was inaugurated by the Finance Minister Mr. A.M.A. Muhith, M.P. and attended by ICC Global Chairman Dr. Victor K. Fung, Commerce Minister Mohammad Faruk Khan, M.P., Minister for Development Cooperation of Denmark Soren Pind, Adviser to the Prime Minister for Energy & Mineral Resources Dr. Tawfiq-e-Elahi, BB. Some 800 delegates from home and abroad including energy experts, power developers, gas exploiters, coal miners, international financiers from Australia, China, Denmark, India, Germany, Japan, Singapore, Switzerland, UK and USA.

During 2013, the National Committee has organized a total six workshops on International Trade Fraud: Prevention. Control and Remedies; New ISBP 2013 for bankers and URBPO and UCP 600 and Incoterms for HSBC clients. Besides, an Interactive Session on Trade Fraud: Prevention. Control and Remedies, organized by ICC Bangladesh was attended by the Bangladesh Bank Governor and MDs/CEOs of commercial banks.

ICCB arranges three regular professional training programmes: e-Learning programme on 'FIT Initiative' (Finance of International Trade) supported by ICC, Paris, eBSI (eBusiness School International, Ireland), International Finance Corporation (IFC) & Institute of Export, UK; CDCS and CITF Examinations conducted worldwide every year by ifs School of Finance, UK incorporated by Royal Charter and supported & endorsed by ICC Paris.

ICC Bangladesh participates in most of the World Chambers Congress & ICC World Congresses held every two years and WTO Ministerial Meetings as well as ICC Regional Consultative group Meetings.

ICC Bangladesh

International Chamber of Commerce-Bangladesh

The world business organization

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