ICC BANGLADESH
INTERNATIONAL
CHAMBER OF COMMERCE
The world business organization

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Chinese Yuan :
a new dimension in International Transaction

ICC BANGLADESH
The world business organization

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Editor's Note

China close to join IMF's Reserve Currency Basket

Special Drawing Rights (SDR) play an important role in the global financial system. Technically it constitutes an international reserve asset that helps maintain balance between countries with big external liabilities and those flush with cash. In practice, they are more marginal, as countries largely rely on capital markets and hard currencies to cover their obligations.

The International Monetary Fund (IMF) will consider including China's currency (known alternately as the Yuan/ Renminbi/ RMB) in the basket of currencies that make up its Special Drawing Rights (SDRs), which was created about 50 years ago largely as substitutes for disappearing gold reserves. Currently, the SDR currency basket includes the U.S. Dollar, British Pound Sterling, Japanese Yen and European Euro.

In March, IMF Managing Director Christine Lagarde mentioned that inclusion of the Chinese Yuan in SDR basket is "not a matter of if, but when." The Chinese Yuan may become the fifth currency in the IMF's special drawing rights basket by October 2016. The Fund, which reviews the special drawing rights (SDR) valuation basket every five years, has said it is extending the evaluation time by nine months from 31 December to 30 September, 2016, deferring the widely-anticipated addition of the Chinese Yuan to its benchmark currency basket. It may be mentioned that the U.S. dollar and the Euro presently account for almost 80% of the SDR basket.

The People's Bank of China (PBoC), devalued its currency (Yuan) twice on 11 and 12 August, every time by 1.9% against the US Dollar. Analysts largely interpreted the devaluation as a sign Beijing is keen to make its exports more competitive as the nation's economy slows down. However, the IMF might ask China to further reform its currency policies to meet the criteria for the SDR, as an earlier staff report found that the Yuan was not commonly used in international debt securities and was thinly traded in North America, despite its wider use in the Asian region.

Two criteria determine whether a currency can be part of the SDR. Its issuing country must be a major exporter, and the currency must be freely usable. No one disputes that China meets the first criterion. Over the past five years, its exports averaged 11% of the global total. Thus China is behind the European Union and America but well ahead of Japan and Britain.

However, across a range of indicators, the Renminbi is now exhibiting a significant degree of international use and trading. At the same time, the four freely usable currencies (already in the SDR) generally rank ahead of the Renminbi, according to IMF report. The report calls on China to increase foreign access to its onshore stock and bond markets, especially government bonds.

Presently, the RMB is the 5th most used currency in global payments and close to 25% of China's trade is now settled in RMB, compared to less than 5% in 2011. Inclusion of the RMB in the SDR would also make the Yuan an official reserve currency, obliging all governments to carry some exposure to the Yuan. The Asian countries will greatly benefit from the inclusion Yuan as SDR as it will allow international trade using Yuan instead of converting into US$/ British£/ European € or Japanese ¥.

ICC Bangladesh News

Letters of Credit in RMB to boost trade between Bangladesh-China: Bankers suggested in Kunming Seminar

Bankers from Bangladesh and China suggested introduction of transaction in RMB (Chinese Yuan) instead of US Dollar for International Trade between the two countries. This will help in reducing cost of transaction and price volatility due to changing exchange rates of US Dollar between Bangladesh and Chinese currencies. It will also save additional costs as this will involve two currencies instead of three.

This was suggested by the participants during a day-long Seminar on Bangladesh China Trade Finance : Role of Banks held in Kunming, China on 21 August. A total of 45 senior level officials, including Bangladesh Bank Executive Director, MDs/CEOs and DMDs from 18 Commercial Banks of Bangladesh as well as 60 bankers of Commercial Banks of China from Beijing and Kunming attended the Seminar.

ICC Bangladesh President Mahbubur Rahman inaugurated the Seminar organized by International Chamber of Commerce (ICC) - Bangladesh, The world business organization jointly with ICC China and China Council for the Promotion of International Trade (CCPIT). He mentioned that currently China is Bangladesh's largest trading partner. In fiscal 2013-14, trade volume between the two countries stood at around $8.29 billion. The trade balance is heavily tilted in favour of the Asian giant as Bangladesh is importing goods worth $7.54 billion and exporting goods worth $746.2 million.

In order to reduce the huge trade imbalance with China, the Bangladesh government has taken a progressive move to bridge the widening gap between the two countries and has taken initiative to boost exports to China over the next five years. In this regard, a pavilion is likely to be set up at Beijing in China and export of eel fish and leather products may increase further. Besides, the government will open commercial wing at different important locations in China including Kunming, he observed.

Mr. Mahbubur Rahman said that Bangladesh is recognized as an investment-friendly country as it offers the most liberal investment opportunities in South Asia, featuring 100 percent foreign equity with unrestricted exit policy; easy remittance of royalty; repatriation of profits; and protection of foreign investments. Bangladesh also offers Export Processing Zones for foreign investors.

Bangladesh stands to gain much from China by way of higher exports and investment, as the Asian economic giant looks to deepen ties with its South Asian neighbours. BCIM (Bangladesh, China, India, Myanmar) Economic Corridor is on the top agenda of "One Belt and One Road" initiatives of China, once implemented will help in increasing trade and investment in this region, Mr. Rahman observed. He said that China has already announced to support Bangladesh by providing $20 billion in different mega infrastructure Projects to boost investment by both foreign and local including China.

The Seminar moderated by ICC Bangladesh Banking Commission Chairman Muhammad A (Rumee) Ali also suggested formation of a sub-committee by the Bankers of Bangladesh and China to sort out various issues for furtherance of trade between the two countries.

The inaugural session moderated by Mrs. Tan Yun, Director, Secretariat of China-South Asia Expo & Vice Secretary General of Yunnan Sub-council of CCPIT was also addressed by ICC China Executive Director Zhao Zhenge, Bangladesh Bank Executive Director Md. Ahsan Ullah and ICC Bangladesh Secretary General Ataur Rahman.

Bangladesh Bank Executive Director presented a paper on Bangladesh Foreign Exchange Regulations



Group picture of participants at ICC Bangladesh Seminar on Bangladesh – China Trade Finance : Role of Banks.

for International Trade Finance and Role of Bangladesh Bank in settlement of disputes related to L/C payments while Ms. Deng Xiaoquan, Senior Manager, Bank of China presented a paper on General Practice of International Trade Payment Settlement in China. The Seminar was also addressed by Managing Director & CEO of Eastern Bank Limited & Chairman, Association of Bankers Bangladesh Ali Reza Md. Iftekhar; Mutual Trust Bank Managing Director & CEO and Chairperson of SWIFT & User Group of Bangladesh Anis A. Khan; Standard Chartered Bank Bangladesh CEO Abrar A. Anwar and Social Islami Bank Managing Director Md. Shafiqur Rahman.



Speakers at the concluding session of ICC Seminar on Bangladesh –China Trade Finance : Role of Bank, from left to right are : Ahmed Shaheen , DMD of Prime Bank, Anis A. Khan, Managing Director of Mutual Trust Bank Ltd; Ali Reza Iftekhar, Managing Director, Eastern Bank Limited; Muhammad A. (Rumee) Ali, Chairman ICC Commission on Banking; Ataur Rahman, Secretary General of ICC Bangladesh; Chen Haojia, Senior International Settlement Manager of International Settlement Center; Md. Shafiqur Rahman, Managing Director, Social Islami Bank Limited; Frankie Shu On Au , Head of RMB Products, Standard Chartered Bank, Hong Kong; Moshiur Rahman Chowdhury , Head of Credit & DMD, AB Bank Limited & Md. Ataur Rahman Prodhan, DMD of Sonali Bank Ltd.

Manager of International Trade Processing Center of Industrial and Commercial Bank of China Ren Lixia; Senior International Settlement Manager, International Settlement Center, Bank of Communications Co. Ltd. Chen Haojia; Prime Bank Deputy Managing Director & Chief Business Office Mr. Ahmed Shaheen and Deputy Managing Director, International Banking Wing of Islami Bank Bangladesh Ltd. Abdus Sadeque Bhuiyan presented few cases from China and Bangladesh regarding settlement of payments.

Sonali Bank Deputy Managing Director Md. Ataur Rahman Prodhan and AB Bank Deputy Managing Director & Head of Credit Moshiur Rahman Chowdhury commented on cases.

Head of RMB Products, Transaction Banking, Standard Chartered Bank Hong Kong Frankie Shu On Au presented a paper on RMB Internationalization Roadmap and Latest Development.

ICC Bangladesh Team attended ICC Meetings in New Delhi

ICC Bangladesh President Mahbubur Rahman, Vice President Latifur Rahman and Secretary General Ataur Rahman participated at 8th ICC Asia Pacific Regional Consultative Group(RCG) Meeting held in New Delhi on 16 September. ICC Bangladesh Vice President Latifur Rahman also attended ICC Executive Board Meeting as its Member.

The ICC RCG Meeting considered Quota Task Force- update on present status, Arbitration incentives: update on the committee working on suggestions to compensate National Committees on their effort to promote ICC Arbitration and ICC's work on engaging SMEs. ICC Philippines was also re-launched during the Meeting.

The 8th ICC RCG Meeting presided over by Mr Harsh Pati Singhania, Regional Coordinator, ICC Asia Pacific RCG was also addressed by ICC Chairman Terry McGraw, ICC Secretary General John Danilovich, ICC India President Sandip Somany, ICC India Vice President Prashant Modi, ICC International Court of Arbitration President Alexis Mourre, Chairman of Task Force on ICC Asia-Pacific CEO Forum Raghu Mody, ICC COO Philip Kucharski , ICC Asia Regional Director Lee Ju Song, ICC Executive Director for Policy & Business Practices Stefano Bertasi, Peter Hood Chairman of Matrix Composites & Engineering



A partial view of the delegates at the 8th ICC Asia Pacific Regional Consultative Group (RCG) Meeting held in New Delhi on 16 September.

from Australia, ICC Japan Secretary General Kobayashi Tsuneyuki, ICC Malaysia Executive Director Dr Yeoh Oon Tean, Chairman Emeritus of PCCI, ICC Philippines Dr Francis Chua, ICC Sri Lanka Chairman Keerthi Gunawardane, Past Chairman of ICC Sri Lanka Tissa Jayaweera, ICC Sri Lanka CEO Gamini Peiris, ICC Macau Secretary General Kok SengVong, Executive Director of Chinese Business Council of ICC in Taipei Ben Yi Ting Lin, ICC Thailand Chairman Thongchai Ananthothai, ICC India Executive Director Ashok Ummat, ICC Philippines Director General Jess Varela, Vice President of McGraw Hill Financial Cindy Braddon, ICC Global Communications Director Andrew Wilson, Coordination Manager, NC and Membership of ICC Tina Launois and Ms. Catherine Foster, Office of the Secretary General, ICC. It was decided to organize the next ICC RCG Meeting in Thailand.

ICC Bangladesh Team at India Economic Convention

ICC Bangladesh Team led by President Mahbubur Rahman attended the India Economic Convention jointly organized by International Chamber of Commerce (ICC) and India Foundation in New Delhi on 17 September. The other members of the team were Vice President Latifur Rahman, Executive Board Member Kutubuddin Ahmed, Secretary General Ataur Rahman and Faruque Hassan, Senior Vice President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The India Economic Convention was inaugurated by Mr. Arun Jaitley, Hon'ble Union Minister of Finance, Government of India. The theme of the Convention was "Architecture for Growth". More than 400 delegates from India and abroad attended the day-long Convention. The inaugural session was also addressed by Mr. Jayant Sinha, Hon'ble Minister of State for Finance, Government of India and Director, India Foundation; Mr.Harold McGraw III, ICC Chairman and Chairman Emeritus of McGrow Hill Financial, Mr. Sunil Bharti Mittal, ICC First Vice Chairman and Chairman, Bharati Enterprises and Mr. Sandip Somany, ICC India President and Joint Managing Director, HSIL Ltd.

There were four panel discussions wherein the Union Ministers of the Government of India highlighted the policies and the achievements that have been made by the Prime Minister Mr. Narendra Modi's government. Special Address at the Panel discussion 1 – "Why is cost of Capital high in India: ls there a way out" was delivered by Mr. Jayant Sinha, Hon'ble Minister of State for Finance, Government of India. Mrs. Nirmala Sitharaman, Hon'ble Minister of State (Independent Charge) for Commerce & Industry delivered her address at Panel discussion 2 - What will "Make in India" look like, Mr. Ravi Shankar Prasad, Hon'ble Union Minister for Communications & Information Technology made special address at Panel discussion 3 – "Is Indla's Digital Revolution a panacea to its Infrastructure challenges" and Mr. Rajiv Pratap Rudy, Hon,ble Minister of State (Independent Charge) for Skill Development and Entrepreneurship addressed at Panel discussion 4 – "Skilling India : How and When".



Speakers at the India Economic Convention 2015: Architecture for growth held in New Delhi on 17 September. Mr. Arun Jaitley (3rd from left), Hon'ble Union Minister of Finance, Government of India Inaugurated the Convention.

Farewell reception to Dutch Ambassador by ICC Bangladesh

Ambassador of the Netherlands to Bangladesh H.E.Mr. Gerben S. de Jong mentioned about the long-term collaboration between the Netherlands and Bangladesh over the last few decades. While speaking at the farewell reception hosted by ICC Bangladesh for him in Dhaka on 21 July, he referred to the cooperation between two countries in the water sector over the last half a century. We have worked together on flood management, drainage, river basin management and coastal zone management – creating safe polders and making land available for the landless. And together with NGOs and the private sector we have improved access to safe water and sanitation for millions of people in Bangladesh, observed the outgoing Dutch Ambassador.

The Ambassador mentioned that Bangladesh has an impressive track record for growth and development. Over the past few years our relationship has gradually evolved from a single focus on development cooperation to a stronger emphasis

on trade and investment, creating opportunities for Dutch and Bangladeshi companies to do business together in both the countries, observed the Ambassador. Taking into consideration the substantial economic development of Bangladesh since independence, the bilateral relations are being broadened and strengthened in the field of economic cooperation, investment and trade promotion, the Ambassador said.

Earlier, ICC Bangladesh President Mahbubur Rahman thanked the Ambassador in taking personal interest in promoting increased trade relations between the two countries and also involvement of the Netherlands in various development projects of the government, NGOs and private sector. He wished the Ambassador all the success in his new assignment and hoped that he will continue to extend his support to Bangladesh in its effort to become middle-income country by 2021.

According to available data, during FY 14 the export volume from Bangladesh to the Netherlands was US$ 858.13 million and the import from the Netherlands was US$ 189 million. The major export items are Woven garments, Knitwear, Home textile, Agri products, frozen food, Leather & leather products, Footwear, Raw jute, Jute goods, Bicycle etc.

The government of Bangladesh signed an agreement on June 16 with the Netherlands and the World Bank Group including its private sector arm, International Finance Corporation (IFC) with the 2030 Water Resources Group to strengthen management of the Bangladesh Delta, Asia's largest and the world's most populated delta.



Group picture at the farewell reception to outgoing Dutch Ambassador H.E. Mr. Gerben S. de Jong (8th from right) held in Dhaka on July 21. ICCB President Mahbubur Rahman (10th from left) and ICCB Vice-President Rokia Afzal Rahman (7th from right) are also seen in the picture.

The partnership will help to develop and implement the Bangladesh Delta Plan 2100, a long term and holistic vision for the Bangladesh Delta, and help to realize Bangladesh's goal of becoming a middle-income country by 2021 while maintaining the unique biodiversity and physical characteristics of the delta.

The Ambassador thanked ICCB President Mahbubur Rahman for arranging the farewell for him and inviting so many friends with whom he has been working during his tenure in Bangladesh.

He said that the Netherlands Embassy actively pursues identifying business opportunities with Bangladesh through its programmes Private Sector Development (PSI), the infrastructure development programme - focussing on energy, water management and environment – ORIO and the Matchmaking Facility.

The farewell reception was attended by FBCCI President Abdul Matlub Ahmad, ICC Bangladesh Vice President Rokia A. Rahman, High Commissioner of Canada to Bangladesh H. E. Mr. Benoit-Pierre Laramee, High Commissioner of Malaysia to Bangladesh H. E. Ms. Norlin Othman, Ambassador of the Republic of the Philippines to Bangladesh H. E. Mr. Vicente Vivencio T. Bandillo, Ambassador of the Republic of Korea to Bangladesh H. E. Mr. Lee Yun-young, ICC Bangladesh Executive Board Members - AK Azad, Mahbub Jamil and R. Maksud Khan, DCCI; President Hossain Khaled, CCCI President & FBCCI Vice President Mahbubul Alam, CEO of KAFCO Dr. Toufiq Ali, Executive Vice Chairman of Eastland Insurance Ghulam Rahman, Deputy High Commissioner of Australia Dr. Lucinda Bell; BIAC Director Nurul Islam and ICC Bangladesh General Manager Ajay B. Saha and Asstt. Manager Md. Shakayet Hossain.

France wants to increase its presence in Bangladesh: observed Ambassador

Paris wants to "increase" its presence in Dhaka by engaging in new projects with a view to becoming a part in Bangladesh's "transition" observed French Ambassador H.E. Ms. Sophie Aubert while exchanging views with ICC Bangladesh President Mahbubur Rahman and few Members over lunch in Dhaka on 22 July. She said that her country supported Bangladesh's goal of becoming a middle-income country by 2021, which would become a reality "within a stable and secure framework".

The French Ambassador said they knew Bangladesh had many partners, but added, "We want to develop a 'demanding relationship' with Bangladesh. We want to increase our presence here".

The Ambassador mentioned that her country wanted to be part of a new water plant project to provide Dhaka with potable water and the extension of the Chittagong Refinery, that was built by French company 50 years ago.

She said "let's work together to protect our planet" as climate change remained a common issue for both the countries. As Paris is set to host the climate summit this November, she said Bangladesh and France must work together to build "a new world" – free of greenhouse gas emissions.

Earlier, ICC Bangladesh President Mahbubur Rahman briefed the Ambassador about ICC Bangladesh activities. He requested the Ambassador to project Bangladesh in her country and to attract more investments and expansion of trade between the two countries.

The lunch meeting was attended by ICC Bangladesh Vice President Rokia Afzal Rahman, ICC Bangladesh Executive Board Members A.S.M. Quasem & R. Maksud Khan, Dhaka Chamber of Commerce & Industry President Hossain Khaled, former BKMEA President Fazlul Huq and France-Bangladesh Chamber of Commerce & Industry Director Dr. Rifat Rashid.



ICCB President Mahbubur Rahman ((2nd from left) is seen at Lunch Meeting with French Ambassador H.E. Ms. Sophie Aubert (2nd from right). Among others, ICC Bangladesh Vice President Rokia Afzal Rahman (3rd from right), ICCB Executive Board Members A.S.M. Quasem (4th from right) & R. Maksud Khan (extreme left), DCCI President Hossain Khaled (3rd from left), former BKMEA President Fazlul Huq (4th from left) and France-Bangladesh Chamber of Commerce & Industry Director Dr. Rifat Rashid (extreme right) also seen in the picture.

Ease rules for investors: Observed out going South Korean Ambassador

ICC Bangladesh hosted a farewell lunch for the outgoing Ambassador of the Republic of Korea H.E. Mr. Lee Yun-young in Dhaka on 8 August. ICC Bangladesh President Mahbubur Rahman praised Ambassador Lee for taking initiative in not only promoting trade and investment but also cultural and social interaction between the two countries. Mahbubur Rahman mentioned that Bangladesh has lot to learn from Korea's experience in becoming one of the leading economies of the world.



Group picture at the farewell lunch hosted by ICC Bangladesh to the outgoing Ambassador of the Republic of Korea H.E. Mr. Lee Yun-Young (4th from right). Also seen in the picture ICCB President Mahbubur Rahman (3rd from right) along with other dignitaries.

Ambassador thanked President Mahbubur Rahman for arranging the farewell for him and inviting so many business leaders and his friends at the Lunch. He mentioned that ICC Bangladesh and the business community have extended their full support to him during his tenure in Bangladesh. He will always cherish the good memories of his stay here and observed that people of Bangladesh are very hard working as well as friendly and hospitable.

Ambassador Lee said that Bangladesh is soon going to achieve the middle-income country status. However, referring to his own country experience, he said that setting up of special economic zones and reforms of investment regimes are not enough to attract foreign investment by Bangladesh. He observed that investors not only compare the facilities provided in other destinations but also consider the attitude of the government, availability of utility facilities, social conditions and infrastructures. For example, he said, Vietnam provides suitable lands with good connectivity free of cost and 10 years' tax free treatment. "A package something like that should be here in Bangladesh and this should be considered seriously."

Bangladesh needs to improve its images with some success stories, and KEPZ could be the best case that can promote the image of Bangladesh and attract FDI, the ambassador observed. "Please study Korean model and use it as a reference book to know how Korea has made achievements. That's my sincere message to Bangladeshi friends before my departure," the Ambassador said.

He also mentioned that Bangladesh is the centre of South Asia having the geographical advantage. "You have to get a lesson on how to manage big and powerful neighbours and how to

utilize the geographical advantage." The Korean envoy said Bangladesh is not yet integrating into Asian value chain, and the Korean model can help Bangladesh move forward to be benefited economically by implementing the Vision 2021.

On Official Development Assistance (ODA), he said it has tripled during his tenure. "We're now in discussion with the Economic Relations Division on $300 million ODA for 2015-2017 period." Since 2008, the duty- and quota-free facility for Bangladeshi products has extended, which has now reached 95 percent of all items, the Korean ambassador said.

With the facility, export from Bangladesh to Korea has grown almost three times over the last five years and garment exports have particularly grown by 69 percent a year. But, the market share of Bangladesh's export is only 0.6 percent of the total Korean import of $520 billion, he added. Bangladesh exported goods worth approximately $400 million while imported from Korea goods worth $1.3 billion in fiscal 2014-15.

The function was attended by FICCI President Rupali Chowdhury, Ambassador of the Republic of Indonesia to Bangladesh H. E. Mr. Iwan Wiranata-atmadja, High Commissioner of Malaysia to Bangladesh H. E. Ms. Norlin Othman, Ambassador of the Republic of the Philippines to Bangladesh H. E. Mr. Vicente Vivencio T. Bandillo, Ambassador of Sweden to Bangladesh H.E. Mr. Johan Frisell, ICC Bangladesh Executive Board Members -- A.S.M. Quasem and R.Maksud Khan, ICC Bangladesh Standing Committee on Banking Muhammad A. (Rumee) Ali, Former Secretary to the Government of Bangladesh A. Muyeed Chowdhury, Pubali Bank Chairman Hafiz Ahmed Mazumder, BRAC Bank Managing Director Syed Mahbubur Rahman, PKSF Managing Director Abdul Karim, First Secretary of the Embassy of Russian Federation in Bangladesh Mr. Andrei Bankaev, CONEXPO Ltd. Managing Director Abu Alam Chowdhury, Director General of Ministry of Foreign Affairs Ruhul Alam Siddiqui, Sr. Vice President of DCCI Humayun Rashid, Newage Textiles Ltd. Vice Chairman Asif Ibrahim, ICC Bangladesh Secretary General Ataur Rahman and General Manager Ajay B. Saha.

Danish Ambassador called on ICC Bangladesh President

H.E. Ms. Hanne Fugl Eskjaer, Ambassador of Denmark visited ICC Bangladesh on September 6. She was briefed by ICC Bangladesh President Mahbubur Rahman about the activities of International Chamber of Commerce worldwide as well as in Bangladesh. He informed the Ambassador about the participation of H.E. Soren Pind, Minister for Development and Cooperation of Denmark at the Energy Conference which was organized by ICC Bangladesh in Dhaka in 2010. He led a high level business delegation to Bangladesh. The Ambassador also recalled about the International Conference on Global Economic Recovery: Asian Perspective, which ICC Bangladesh organized in Dhaka last October to celebrate 20 years of ICC Bangladesh. Congratulating the President for organizing the Conference, the Ambassador said that such kind of global events provide opportunity to interact with the policy makers and the business leaders to draw up suitable strategy for sustainable growth.



ICC Bangladesh President Mahbubur Rahman (middle) presiding over a meeting with the Danish Ambassador H.E. Ms. Hanne Fugl Eskjaer. The meeting was also attended by ICC Bangladesh Secretary General Ataur Rahman (2nd from left); Rizwan-ur Rahman (2nd from right), Managing Director of ETBL Holding Ltd.; ICCB General Manager Ajay Bihari Saha (extreme right) and Senior Manager Syeda Shahnewaz Lotika (extreme left).

The Ambassador said that her government will continue as in the past to work closely with Bangladesh in its development efforts. She said that investors from Denmark are very keen in investing in Bangladesh, in particular in energy and infrastructure projects. She praised Bangladesh in becoming the second largest exporters of ready made garments. ICC Bangladesh President Mahbubur Rahman thanked the Ambassador for her support and hoped that there will be more investment by Danish companies in much needed infrastructure projects of Bangladesh.

The meeting was attended by ICC Bangladesh Secretary General Ataur Rahman, ETBL Securities Limited Managing Director Rizwan ur Rahman, ICC Bangladesh General Manager Ajay B. Saha and Sr. Manager Syeda Shahnewaz Lotika.

62nd Meeting of ICC Bangladesh Executive Board held

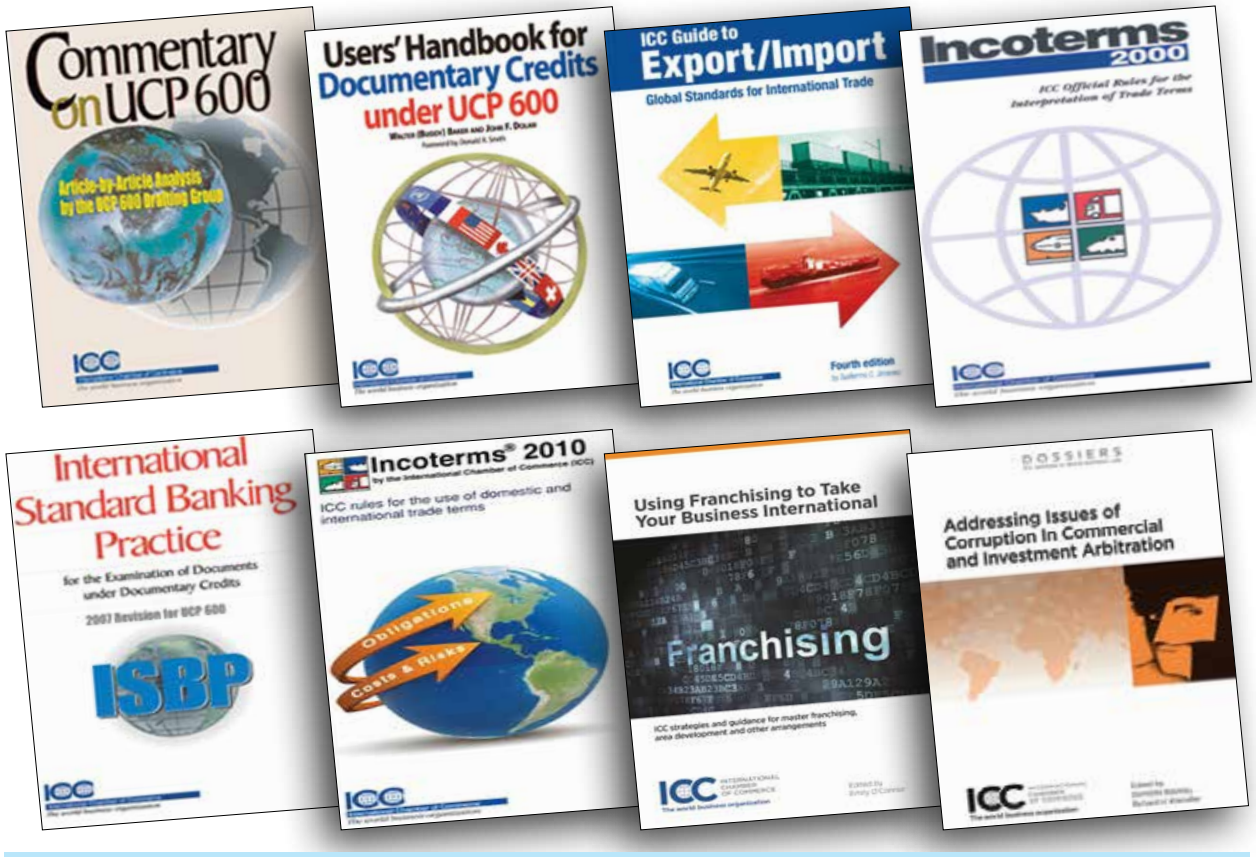
The 62nd Meeting of the ICCB Executive Board was held on 8 September. The Executive Board was briefed by the President about the activities of ICC Bangladesh during April-August 2015. The Board was informed about the outcome of the ICC Seminar on "Bangladesh-China Trade Finance: Role of Banks" held in Kunming, China on 21-22 August, registration of some 100 candidates for appearing at Certified Documentary Credit Specialist (CDCS), Certificate of International Trade Finance (CITF) & Certified Specialist of Demand Guarantee (CSDG) Examinations to be held in Dhaka on 16 October and participation at 8th ICC RCG Meeting and India Economic Convention to be held in New Delhi on 16-17 September. The Executive Board also decided to include a new member in the Board of ICC Bangladesh



62nd Meeting of ICC Bangladesh Executive Board in progress.

Presided over by ICC Bangladesh President Mahbubur Rahman, the Meeting was attended by ICCB Vice Presidents Latifur Rahman and Rokia Afzal Rahman and the following Board Members: A.K.Azad, A.S.M.Quasem, Kutubuddin Ahmed, Mahbub Jamil, R. Maksud Khan and Sheikh Kabir Hossain.

Selected ICC Publications



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WE MOURN



Syed Humayun Kabir
(1932-2015)

Syed Humayun Kabir, chairman of Renata Ltd and founder of SAJIDA Foundation was among the country's most respected business professionals whose career had long been associated with leading multinational organisations. He graduated in chemistry from Dhaka University and studied pharmacology at the University of Strathclyde, Glasgow. He was the founder of Bangladesh's Pfizer Ltd, which later turned into Renata Ltd, and had been its chairman for 21 years till death.

Renata Limited (formerly Pfizer Limited) is one of the leading and fastest growing pharmaceutical and animal health product companies in Bangladesh. The company started its operations in 1972 as Pfizer (Bangladesh) Limited. In 1993, Pfizer transferred the ownership of its Bangladesh operations to local shareholders and the name of the company was changed to Renata Limited.

The core businesses of Renata Limited are human pharmaceuticals and animal health products. In Bangladesh it is the 4th largest pharmaceutical company and the market leader in animal health products. In addition, Renata products are exported to Afghanistan, Belize, Cambodia, Ethiopia, Guyana, Honduras, Hong Kong, Kenya, Malaysia, Myanmar, Nepal, Philippines, Sri Lanka, Thailand, United Kingdom, and Vietnam. The Company is listed on the Dhaka Stock Exchange with market capitalization of approximately Taka 50 billion.

The Company has eight manufacturing facilities spread over three manufacturing sites. In addition Renata Oncology Limited has two manufacturing facilities. Distribution of products is carried out by 19 depots across the country.

Syed Humayun Kabir was BRAC's governing body member since 1972 and trustee of the Centre for Policy Dialogue (CPD). He also served as the chairman and president of the Metropolitan Chamber of Commerce and Industries, Bangladesh Employers Association, Foreign Investors Chamber of Commerce & Industries, American- Bangladesh Economic Forum, Transparency International- Bangladesh. and director of BRAC Bank. He was also board members of several banks, an insurance company.

Humayun Kabir had devoted his life to reaching out to the poor and marginalised, and thus SAJIDA Foundation came into being, a seedling planted during his 25th wedding anniversary when it was founded as a gift to his wife, Sajida Humayun Kabir. The organisation has come a long way since its humble beginning in 1993, reaching out to the poor families and helping them break out of poverty traps.

Humayun Kabir accredited the growth of SAJIDA to the competence and professionalism of its personnel and the organisation's strong focus on empowering the mother in order to empower the family. This organisation is driven by a strong family unit.

Syed Humayun Kabir passed away on July 7. He left behind his wife, two daughters, a son and two son in laws, one daughter in law and 7 grandchildren.

WE MOURN



Major General Amjad Khan Chowdhury (Retired)
(1937-2015)

Major General Amjad Khan Chowdhury (Retired), the pioneer of agro processing in Bangladesh and CEO of renowned conglomerate PRAN-RFL Group. The former army general-turned-businessman, who first took a Bangladeshi brand abroad and pioneered food processing business in Bangladesh.

He was graduated from Australia Staff College. He joined Pakistan Army in 1956. He got commissioned rank from Pakistan Military Academy in 1959. He held many important positions during his colorful life at Bangladesh Army. He retired from his post in 1981 and started his business career in 1981.

Major General Amjad Khan Chowdhury made his first major breakthrough in 1991 when he launched his agro-processing business -- PRAN. It soon became a household name in Bangladesh and went on to make a foray into the export market in 1996. PRAN products are now exported to more than 106 countries. It currently employs around 60,000 people and works with around one lakh farmers countrywide.

Maj Gen Amjad Khan Chowdhury had played a key role in private sector through creating jobs. He is the pioneer in agro-based industry in the country. His innovative efforts toward the country's development brought a huge opportunity in business sector.

Chowdhury also served in various trade bodies and organizations. He was the former president of Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI), and Dhaka Stock Exchange, ex-director of Infrastructure Development Company Limited (IDCOL), founder-president of Real Estate & Housing Association of Bangladesh (REHAB) and Bangladesh Agro-Processors' Association (BAPA) and also a former president of Underprivileged Children's Education Programme (UCEP).

In 2011, Amjad was recognised as the Business Person of the Year at The Daily Star-DHL Bangladesh Business Awards. His PRAN Group won HSBC Export Excellence Awards in 2012.

He left his wife, two sons, two daughters and numerous well wishers. He died on July 08 at a US hospital.

Upcoming ICC Workshop in Myanmar

ICC Workshop on
International Trade Finance: Role of Banks
27-29 November 2015, Yangon, Myanmar

Provisional programme

Friday, 27 November

09:30: Inauguration

10:30:Session One

Chair: **Mr. Muhammad A. (Rumee) Ali**, ICC Bangladesh Commission on Banking

Foreign Exchange Rules of Bangladesh and Myanmar

Speaker: **U Set Aung**, Deputy Governor, Central Bank of Myanmar(tbc)

Mr. Md. Ahsan Ullah, Executive Director of Bangladesh Bank

11:30: Session Two

Chair: **Mr. Muhammad A. (Rumee) Ali**, ICC Bangladesh Commission on Banking

SME Financing for Promotion of International Trade

Speakers: **Mr. Ali Reza Iftekhar**, Managing Director of Eastern Bank Limited & Chairman, Association of Bankers, Bangladesh Limited

Enabling Environment for Integration of SMEs in Global Value Chain

Speaker : **Dr. Masato Abe**, Economic Affairs Officer , Business and Development Section, Trade and Investment Division, United Nations ESCAP

Speaker: **Mr. Vincent O'Brien,** Member of the ICC Banking Commission

ICC Global Trade Finance Survey 2015 and Key trends in international trade and finance

13:00 : Networking Lunch

14:00:Session Three

Speaker: **Mr. Vincent O'Brien,** Member of the ICC Banking Commission

2010 Incoterms®

- Transfer of costs and risk; Impact of local law on international practice; Modification or variants of Incoterms 2010; Single mode maritime Incoterms; How to uses the Incoterms 2010.

Letter of Credits (UCP 600)

- Linking the contract of sale to the commercial letter of credit; Bank obligations, workflow and timing; Detailed application of transport document rules of UCP 600.

15:30 : Tea Break

15:45 : Session Four

Speaker: **Mr. Vincent O'Brien,** Member of the ICC Banking Commission

New International Standard Banking Practice (ISBP)

- Language of documents; Authentications and Corrections; Goods description and avoiding conflict; Copy documents; Signing of Bills of Lading etc.

Saturday, 28 November

09:00 : Session Five (contd.)

Speaker: **Mr. Vincent O'Brien**, Member of the ICC Banking Commission

Documentary Credit Practical and Legal Cases

Payment at sight 'with' or 'without' recourse; Deferred Payment LC at 360 days; Force Majeure and Sanctions Case Study; Standby LC Case Study; Shipment by Instalment Case Study; Impact of Fraud on Bank Obligations

10:30 : Tea Break

11:00 : Session Six

Speaker: **Mr. Vincent O'Brien,** Member of the ICC Banking Commission

Uniform Rules on Demand Guarantees - URDG 758

Practical application, Fundamental Changes in Approach, Key Provisions, Independence of Guarantee and Counter Guarantee, non- documentary conditions, variation of amount of guarantee, Presentation, Information about demand, Separateness of each demand, examination, extend or pay, non complying demand, waiver and notice, Reduction and termination, disclaimers, limits on extension from liability, Indemnity for foreign laws and usages, Liability for charges, transfer of guarantee, Assignment of proceeds, Governing law, Jurisdiction.

New Uniform Rules for Bank Payment Obligation (URBPO)

URBPO key features; Obligor bank; Confirmation possibilities; Baseline establishment; Data sets ; Data matching; Data Mismatches; BPO simulation ; Messaging Standards and ISO

12:30 : Networking Lunch

14:00 : Session Seven

Financing of SMEs: Value chain for development and export promotion

Speaker: Dr. Shigehiro Shinozaki, Financial Sector Specialist (SME Finance), Sector Advisory Service Division, Regional and Sustainable Development Department, Asia Development Bank

19:00 : Closing Session and Certificate Award Ceremony

Sunday, 29 November:

Field Trip (For Foreign participants only)

Note: Certified Documentary Credit Specials (CDCS) will get 14 Professional Development Unit (PDUs) for re-certification by attending the Workshop.

For further details and registration please contact The Secretary General, ICC Bangladesh

Pictures from the Gallery



Mr. Harsh Pati Singhania, Regional Coordinator, ICC Asia Pacific RCG is seen greeting ICC Bangladesh Vice President Latifur Rahman (extreme right) at the 8th ICC Asia Pacific Regional Consultative Group(RCG) Meeting held in New Delhi on 16 September. ICC Bangladesh President Mahbubur Rahman (2nd from left) and ICC Bangladesh Secretary General Ataur Rahman (2nd from right) are also seen.



ICC Bangladesh President Mahbubur Rahman presenting a set of ICCB publications to the outgoing Dutch Ambassador H.E. Mr. Gerben S. de Jong during his farewell reception organized by ICC Bangladesh in Dhaka on 21 July.



Mr. Shi Minghui (3rd from left) Executive Deputy Director General, Yunnan International Exposition Bureau is seen at a group picture of dinner hosted by him on August 21. Also seen in the picture are : ICC Bangladesh President Mahbubur Rahman (Middle); Zhao Zhenge, Executive Director of ICC China (2nd from left); Ms. Tan Yun (3rd from right), Vice Secretary General China Chamber of International Trade, Yunan Chamber, CCPIT, Yunan Sub-council; ICC Executive Board Member Rashed Maksud Khan (extreme right); Mr. Ataur Rahman (2nd from right), Secretary General of ICC Bangladesh and Ms. Yu Min, Director of ICC Asia Affairs Departmrnt, China Chamber of International Commerce.

Pictures from the Gallery



Mr. Shi Minghui (4th from right) hosted a dinner for ICC Bangladesh delegation which was attended by ICCB President Mahbubur Rahman (4th from left) and others from (L-R) sitting- Md. Ahsan Ullah, Executive Director Bangladesh Bank; Muhammad A. (Rumee) Ali, Chairman, ICCB Commission on Banking ; Zhao Zhenge, Executive Director of ICC China; Mrs. Hameeda Rahman, Mrs. Sharmeen Rahman, ICCB Executive Board Member R. Maksud Khan and standing : Ms. Tan Yun, Vice Secretary General, China Chamber of International Trade, Yunan Chamber, CCPIT, Yunan Sub-council; Ms. Yu Min, Director of ICC Affairs Department, China Chamber of International Commerce; Md. Shafiqur Rahman, Managing Director, Social Islami Bank Limited; Ali Reza Iftekhar, Managing Director, Eastern Bank Limited; Abrar A. Anwar CEO, Standard Chartered Bank ; Ajay Bihari Saha, General Manager of ICCB, Anis A. Khan, Managing Director of Mutual Trust Bank Ltd and Ataur Rahman, Secretary General of ICCB.



ICC Bangladesh President presenting a book "Travel Through Bangladesh" to the Ambassador of the Republic of Korea H..E. Mr. Lee Yun-Young during farewell reception held in Dhaka on 8 August.



Mr Raghu Mody (2nd from right), Chairman of Task Force on ICC Asia-Pacific CEO Forum is seen with ICC Sri Lanka Past President Tissa Jayaweera (extreme left), ICC Malaysia Executive Director Dr Yeoh Oon Tean (2nd from left), ICC Bangladesh Secretary General Ataur Rahman (centre) and Mr Sanjay Wali (extreme right), Vice President – Corporate Affairs, The Rasoi Group during 8th ICC Asia Pacific Regional Consultative Group(RCG) Meeting held in New Delhi on 16.

Bangladesh Economy

Bangladesh goes one step forward to LMIC: World Bank

Bangladesh on July 1 graduated from the low income status to lower middle income nation (LMIC), meeting the World Bank's requirements comfortably. This will be seen as a giant leap forward for the country to become a middle income nation after being bracketed as a low income country for decades.

The promotion came on the back of the country's stride towards higher per capita income in recent years, riding on stable economic growth. The WB used last year's data to determine this year's ranking. Myanmar, Kenya and Tajikistan also graduated to the LMIC status this year. On July 1 each year, the WB revises the income classification of world's economies based on estimates of GNI per capita for the previous year.

Bangladesh's per capita income rose to $1,314 in the fiscal year which ended on June 30, according to provisional figures of the government. It was $1,190 in 2013-14 and $1,154 in 2012-13. The government has targeted to be a middle income nation by 2021, when the country celebrates its 50th anniversary of independence.

At present, the WB recognises a country as a middle income nation if it achieves at least an average per capita income of $1,045 for three consecutive years. The WB currently divides economies into four income groups: low, lower middle, upper middle and high. A country is categorised as a low income one if its GNI is less than $1,045, lower middle income country if the GNI is $1,046-$4,125, higher middle income when the GNI is $4,126-$12,735 and higher income country if the GNI is more than $12,735.

The WB uses the Atlas conversion factor instead of simple exchange rates in calculating GNI in US dollars. The purpose of the Atlas conversion factor is to reduce the impact of exchange rate fluctuations in the cross-country comparison of national incomes.

The Atlas conversion factor for any year is the average of a country's exchange rate for that year and its exchange rates for the two preceding years, adjusted for the difference between the rate of inflation in the country and international inflation, according to the WB. The objective of the adjustment is to reduce any changes to the exchange rate caused by inflation.

WB 5-year country strategy to focus on connectivity

The World Bank is preparing a five-year country strategy for Bangladesh, putting its focus on connectivity to link the country with three other nations, and for ensuring food and water security. However, under the new country framework, Bangladesh may have to pay more in service charges for the funds it receives from the WB following the country's graduation to the lower middle income status from a low-income nation.

Last month a WB mission completed a round of consultations on the five-year scheme, which begins this fiscal year. The team will visit Bangladesh again in September when the framework will be finalized. The WB plans to expand funding in the areas of infrastructure such as power, energy, roads and ports as well as water and railway transport., according to the government's Economic Relations Division.

The lender has expressed interest in regional infrastructure projects, including hydropower generation, cross-border power transmission and distribution, and regional trade facilitation projects with India, Bhutan and Nepal. The five-year scheme will also focus on Bangladesh Delta Plan 2100, which aims to help the country ensure food and water security and fight disasters.

On June 16, Bangladesh, the Netherlands, the WB and the International Finance Corporation, the private sector lending arm of the WB, signed a joint agreement to support the Delta Plan. In five years till 2014-15, Bangladesh received $2 billion in loans from the WB, double the amount the country had got in the previous five years. Lending will go up in the next five years, but the figure has not been finalised, according to WB.

So far, Bangladesh got the loans as a low-income country from the WB's soft-loan wing -- International Development Association, known as IDA, which charges 0.75 percent



and carries a repayment period of 38 years with eight years' grace period. If the income increases in the next years, the country may lose the IDA eligibility quota. In

this case, Bangladesh can take loan from the WB's commercial wing -- International Bank for Reconstruction and Development (IBRD).

The IBRD charges interest rates at LIBOR plus 1.35 percent, and the repayment period is between eight years and a maximum of 20 years. However, Zahid Hussain, a lead economist at the WB in Dhaka, said it would be a mistake to assume that the access to IDA finance automatically stalls after a country crosses the IDA eligibility threshold. Currently, there are 31 low-income countries but the number of IDA borrowing countries is 77, showing there are 46 countries above the lower middle income country threshold which are IDA borrowers.

Hussain said a country can become a 'blend' country after crossing the IDA eligibility threshold. A blend country has access to both IDA and IBRD finances. The 'blend' category is used to classify countries that are eligible for IDA resources on the basis of per capita income but also have limited creditworthiness to borrow from IBRD.

Generally, given the access to both sources of funds, blend countries are expected to limit IDA funding to social sector projects and use IBRD resources for projects in the 'harder' sectors. Moreover, as their creditworthiness increases, such countries should be able to take on more IBRD financing, which in turn allows their access to IDA financing to be gradually reduced. Over time, this results in a gradual hardening of the blend ratio, preparing the country for the eventual graduation from IDA, according to the WB.

Bangladesh's per capita income reached $1,080 in 2014, which is higher than the WB's lower middle income threshold of $1,046. In the present calculation, if a country's per capita income goes above $1,215 it loses the IDA-only eligibility.

In the last fiscal year ending on June 30, Bangladesh's provisional per capita income was $1,315. But it came down to $1,217 in line with the WB calculation. The threshold is normally revised upward every year.

If Bangladesh continues to grow at the current pace and crosses the WB-fixed threshold, it would not qualify for the IDA-only finance. However, the IBRD financing will open a new window for Bangladesh to implement large projects to meet infrastructure deficits, according to the source.

Four private companies get $120m loan from WB fund

Four private borrowers, mostly from the power sector, got loans of $120.72 million from seven banks and financial institutions under an investment promotion programme of the World Bank. Dhaka Bank gave $58.5 million to Ashuganj Energy Ltd, which would set up a 200-megawatt gas-based power plant. Eastern Bank, Mutual Trust Bank and Trust Bank jointly provided $20 million to Midland Power Company to help establish a 51MW power plant in Ashuganj, Brahmanbaria.

Baraka Patenga Power Plant in Chittagong received $23 million from United Commercial Bank for setting up a 50MW power plant. The banks financed the three power plants under the World Bank's Investment Promotion and Financing Facility (IPFF) project of $257 million.

The rate of interest on the loans is LIBOR plus 3.30 percent. This means the average rate would be 5 percent to 6 percent whereas the market rate on term lending by the banks is 12 percent to 14 percent. The borrowers would repay the loans in 12 years with a grace period of three months. AB Bank, United Commercial Bank and IIDFC, a financial institution, provided $19.22 million in loan to Fiber@Home Ltd, a fibre optic cable network company.

IPFF channels long-term financing through Bangladesh Bank to the eligible participating financial institutions following a public-private partnership framework, World Bank said in a statement on August 31. The WB and the government jointly reviewed the implementation status of IPFF project and noted satisfactory progress, according to the statement.

Two other power plants of 250MW each, health infrastructure in Chittagong and a dry dock near Chittagong port are in the pipeline, the multilateral lender said. In 2010, the WB started implementing the project through Bangladesh Bank. Since then, the lender financed seven small power plants, an inland container terminal, three water treatment plants and a nationwide fibre optic cable network.

WB FUNDS FOR PRIVATE BORROWERS

Companies	Amounts
ASHUGANJ ENERGY	$58.5M
MIDLAND POWER COMPANY	$20M
BARAKA PATENGA POWER PLANT	$23M
FIBER@HOME	$19.22M

The WB said the IPFF project also supports institutional capacity building of the government's PPP office and provides technical support for infrastructure project preparation. The PPP office is actively working to develop a robust pipeline of medium and long-term infrastructure projects. A BB official said they have arranged another fund from the WB recently so that private investors get low-cost fund. Loan distribution from the fund will start soon, the official said.

ADB raises growth forecast
Economic growth expected to accelerate 6.7pc

The Asian Development Bank is bullish over Bangladesh's economic prospects this fiscal year, upgrading its growth forecasts while downgrading those for the rest of Asia Pacific save for Vietnam and Fiji. The Manila-based multilateral lender tipped Bangladesh's gross domestic product to grow at 6.7 percent in fiscal 2015-16, up from its earlier prediction of 6.4 percent in its flagship annual economic publication, Asian Development Outlook that came out in March.

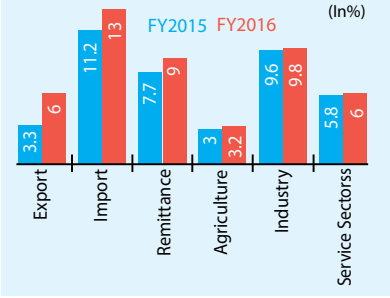
The optimism comes after the country outperformed ADB's growth forecast of 6.1 percent for fiscal 2014-15 in spite of political turmoil in the first quarter of 2015 that adversely affected transport services, exports and private investment.

Growth held up well because of brisk domestic demand, boosted by higher remittances, private sector wages and public investment, said Kazuhiko Higuchi, country director of ADB, while unveiling the updated version of March's report on September 22 at the lender's office in Dhaka. Mohammed Parvez Imdad, principal country specialist of ADB's Bangladesh office, presented the Bangladesh chapter of the report at the event.

The GDP growth forecast has been revised upwards upon expectations that exports will grow with the continued economic recovery in the US and the Eurozone and remittance will soar further, which, in turn, will boost consumption demand.

ADB also expects the private and public investment to pick up as the business climate improves in a stable political situation and spending to increase under the annual development programme, both of which will have a positive impact on GDP growth.

Sectoral growth rate in FY2015 and ABD's forecasts for FY 2016



ADB praised the country's macroeconomic management, which, it said, has helped reduce inflation to 6.4 percent in fiscal 2014-15 from 7.4 percent a year earlier. "This was a very good achievement," Higuchi said.

Provided that normal weather prevails and prices remain favourable, agriculture growth is projected to move up to 3.2 percent this fiscal year from 3 percent last year. Industrial growth is expected to strengthen but modestly to 9.8 percent from 9.6 percent last fiscal year on the back of better performance in readymade exports, manufacturing for domestic market and construction. Growth in services is expected to increase to 6 percent from 5.8 percent as agriculture and industry expand.

Export growth is expected to increase to 6 percent this year, up from 3.3 percent a year ago. Imports are projected to increase by 13 percent, from 11.2 percent the previous year, mainly in capital goods, industrial raw materials and food grains. Remittance inflows are likely to grow 9 percent in fiscal 2015-16 from 7.7 percent a year earlier as the government steps up efforts to place workers overseas. Several risks could derail the projections, and foremost among them is political instability.

Failure to attain the revenue target without matching expenditure adjustments would create inflationary pressure as the government borrowed from the banks and so undermine macroeconomic stability. Likewise, inadequate foreign investments would limit spending through the development plan on infrastructure, and thereby curtail growth.

Meanwhile, softer growth prospects for China and India, and a slow recovery in the major industrial economies will combine to push growth in Asia for 2015 and 2016 below previous projections, according to the ADB report. ADB now sees GDP growth for the region coming in at 5.8 percent in 2015 and 6 percent in 2016 -- below the March forecasts of 6.3 percent in both years.

ADB gives $505m loans for rail links

The Asian Development Bank will provide Bangladesh with $505 million in loans to help improve the country's railway network and boost sub-regional trade. Senior Secretary of Economic Relations Division Mohammad Mejbahuddin and ADB Country Director in Bangladesh Kazuhiko Higuchi signed an agreement to this effect on June 28. "The assistance will help railways better serve the needs of people and movement of goods, and help improve domestic and sub-regional trade," Higuchi said. "This project will also help improve the overall railway transport system in Bangladesh, and aims to reduce transport costs and improve logistics of strategic corridors, such as Dhaka-Chittagong link, for sub-regional trade," he added.

The South Asia Sub-regional Economic Cooperation (SASEC) Railway Connectivity: Akhaura-Laksam Double Track Project will

help upgrade the 72-kilometre Akhaura-Laksam section of the Dhaka-Chittagong railway corridor to a double track dual-gauge railway line, along with modern signalling equipment, an ADB statement said. The existing track will be upgraded in accordance with the requirements of the trans-Asia railway network. Eleven railway stations will be reconstructed with special facilities for the elderly, women, children and the disabled.

The ADB said the Akhaura-Laksam section is part of a major sub-regional corridor and the trans-Asia railway network. The project was endorsed by the SASEC Trade Facilitation and Transport Working Group at a meeting in Singapore in October 2013. The total project cost is $805 million. The European Investment Bank will co-finance the project with $175 million, while the government will provide $125 million. The project will be executed by Bangladesh Railway and is expected to be completed by 2022.

As Bangladesh borders India and Myanmar and is close to the landlocked countries of Bhutan and Nepal, it has the potential to become a transport and transhipment centre for the sub-region, according to an ADB report.

The South Asian Association for Regional Cooperation (SAARC) Regional Multimodal Transport Study determined priority corridors in Bangladesh that include six out of 10 road corridors, two out of five rail corridors, and two principal ports -- Chittagong and Mongla.

The ADB report said a major constraint in sub-regional rail connectivity is the lack of connectivity between the rail networks. The key issues are the differences between the rail gauges in the member states, the potential incompatibilities in rolling stock, and the overall condition of the rail network, especially in northeastern India and Bangladesh. The ADB said the market share of the railway in the sub-regional transport is low; only 11.9 percent or 876,855 tonnes of Bangladesh's imports from India and only 1.1 percent or 17,832 tonnes of exports from Bangladesh to India were transported by rail in 2011.

The lender said the main reasons for the limited cross-border rail traffic are missing links and congestion in main domestic railway corridors, which do not allow operating additional trains for domestic and international traffic.

OECD upgraded Bangladesh's economic rankings

The OECD has upgraded the overall country ratings of Bangladesh by one notch for the resilience by its economy. The Bangladesh Bank in a statement on July 2 said the country moved to category 5 from category 6, which puts it just behind India but ahead of other South Asian countries.

Bangladesh has surpassed its neighbouring countries like Pakistan (7/7), Sri Lanka (6/7), Nepal (6/7), Myanmar (6/7) and Mongolia (7/7) in the OECD country classification, and is only behind India (3/7). The major reasons for the promotion were the resilience of the Bangladesh economy and the high and stable growth for well over a decade despite political upheaval and weak external demand.

Due to long spells of macroeconomic stability, Bangladesh has now become a new frontier market, shifting away from a highly development aid-dependent nation, the statement said. The upgrade was made in the Organisation for Economic Co-operation and Development (OECD) classification committee meeting on June 17, according to the statement.

A delegation led by Bangladesh Bank Governor Atiur Rahman met the delegation of Swiss Export Credit Agency (SERV) on June 29 at Zurich. In the meeting, Herbert Wight, director of SERV, informed Bangladesh about the country's upgraded status.

Bangladesh Bank Governor expressed his satisfaction over the enhancement in OECD classification, which should lead to significant lowering of costs for Bangladeshi entrepreneurs and banks in securing guarantees and letters of credit confirmations.

Bangladesh moved two notches up in Global Competitiveness : WEF

Bangladesh has moved two notches up in this year's Global Competitiveness Index, riding on progress in the areas of macroeconomy, health, education and infrastructure. The country was ranked 107th in 2015-16, from last year's 109th, among 140 countries, according to the World Economic Forum's (WEF) annual report on global competitiveness.

The Centre for Policy Dialogue (CPD) disclosed the ranking on behalf of the Geneva-based body in a press conference at Dhaka's Brac Inn on September 30. Bangladesh's progress is primarily because of better

performance in macroeconomic environment, health, education and infrastructure. The country scored 3.8 on a scale of 1 to 7, last year, the score was 3.7.

India moved up to 55th place from last year's 71, whereas Sri Lanka was ranked 68th in 2015-16 from last year's 73rd. Both Nepal and Bhutan were ahead of Bangladesh as they were ranked at 100th and 105th respectively. Only one country in South Asia was ranked below Bangladesh: Pakistan was ranked at 126th, while the Maldives was not included in the ranking. Bangladesh's macroeconomic stability has improved to 49th from 72nd while improvement in infrastructure saw ranking moved up to 123 from 127 last year.

WEF said Bangladesh's weakness includes institutions, financial market sophistication and goods market efficiency. Negative changes occurred in the areas of health and primary education, technological readiness and business sophistication. Governance and institutions are still in weak state and are cause for growing concern for businesses in medium to long term.



Switzerland and Singapore held onto the two top places in the rankings and the US stayed in third place. On the basis of the questionnaire developed by the WEF, an executive opinion survey was conducted in Bangladesh between February and May this year while reference period was January to December of 2014.

The sample size was 56, with most of the companies locally-owned and mostly based in Dhaka. The CPD had sent the questionnaire to about 300 companies.

The WEF assesses the world's economies in 114 indicators in 12 pillars: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

The report issued a warning about the health of the global economy, saying "a 'new normal' of suppressed economic and productivity growth and persistently high unemployment is damaging resilience and leaving the world vulnerable to another protracted slump". It called on countries to "step up their efforts to re-accelerate economic growth".

The WEF report was simultaneously launched in 140 countries. The CPD has been partnering with the WEF in preparing the report since 2001.

Fitch forecasts stable GDP growth: little impact of Jan-Mar political turmoil on official economic growth data

Fitch, a leading global credit rating agency, forecast Bangladesh's gross domestic product would grow 6.5 percent in the current fiscal year against the government's target of 7 percent. Fitch on August 25 released its latest outlook, saying:



"Bangladesh's rating balances high, stable real GDP growth and persistently strong foreign-currency earnings from remittances and garment exports, against weak structural features, most prominently significant political and banking-sector risks."

Fitch assigned the country long-term credit rating of BB- and short-term rating of B and a country ceiling of BB-, which was the same a year ago. "Bangladesh's real GDP growth is high at a five-year average of 6.3 percent compared with the BB category median of 4.3 percent."

Fitch said GDP growth has been remarkably stable over the years when Bangladesh was hit by both political turmoil and natural disasters. The severe political turmoil in the first quarter of 2015, in which more than 100 people were killed, had a relatively small impact on the official GDP data, Fitch said.

It said strong political polarisation is negative for Bangladesh's credit profile. Normalcy has returned to the streets for now, but after two consecutive years marked by months of severe political violence, blockades and general strikes, a recurrence or escalation cannot be ruled out. Fitch said the main risk to the sovereign credit profile is that the political turmoil would deter foreign investors and buyers, especially of garments, from doing business in Bangladesh.

Bangladesh scores poorly on a broad range of governance indicators, including the World Bank governance indicator (21st percentile versus the BB median of 46th percentile), it said. The general level of development remains low,

as illustrated by weak UN human development indicators.

However, Fitch said Bangladesh reached the World Bank's lower middle-income country status in July 2015, but GDP per capita of $1,297 remains well below the BB peer category median of $4,473. It also said the country's revenue intake of 10.8 percent of GDP is the lowest of all rated countries with the exception of Nigeria, implying limited fiscal space for capital expenditures.

The general government debt level of 34.7 percent of GDP compares well with the BB median of 41.6 percent. However, the budget deficit of 5 percent is higher than the BB median of 3.6 percent, and since planned consolidation is limited, government debt is likely to slightly rise in the coming years.

Fitch said the Extended Credit Facility arrangement with the International Monetary Fund supported implementation of reforms such as establishment of internal controls and compliance, and full automation of financial reporting in the state-owned banks. Completing the IMF arrangement, which was recently extended by three months to end-October 2015, would improve the authorities' track record after the programme went off track for a number of months.

It said the banking sector is vulnerable to shocks, as both asset quality and governance are weak, especially in state-owned banks. The gross non-performing loans ratio of the sector increased to 10.5 percent in the first quarter of 2015 from 9.7 percent in the fourth quarter of last year.

Fitch said Bangladesh Bank seems committed to strengthening governance in the banking sector.

HSBC upgrades Bangladesh rating

Banking giant HSBC is optimistic about Bangladesh's economy as the country returned to normalcy after turbulent times earlier this year. "As political tensions ease, it is time to focus on Bangladesh's economic fundamentals," HSBC said in a report, "Bangladesh: Getting back to business".

Before the June 30 upgrade, HSBC was negative on the Bangladesh equity market owing to a deteriorating investment sentiment brought about by protracted political unrest. With the return of normalcy, it upgraded Bangladesh to "positive" from "negative".

HSBC identified five factors that will determine the course of Bangladesh equities: macroeconomy, remittances and garment exports, domestic demand, banking sector and stock-market. On macroeconomic stability, it said the growth looks on a surer footing. "Bangladesh is best placed as compared to Vietnam and Sri Lanka."

HSBC economists remain optimistic and are looking at above 6 percent growth in the current and next fiscal years. The British bank is optimistic about Bangladesh's trade sector despite the slow pace of export growth in the last few months. Exports rose 3.35 percent to $31.2 billion in the just concluded fiscal year.

Bangladesh received a record $15.3 billion in remittance from expatriates last fiscal year. Remittance for fiscal 2014-15 recorded a 7.5 percent rise from the previous year, according to Bangladesh Bank. HSBC said increased earnings from exports will feed into disposable income channels, which should lift domestic demand and in turn help domestic sector earnings.

HSBC economists expect private sector consumption growth to remain on an upward trajectory in the next two fiscal years, after slumping to below 4 percent in fiscal 2013-14. The analysis termed the fiscal 2015-16 budget to be business-friendly, as there is much in the budget that could help investment.

Increasing participation by the private sector is another priority. The fiscal 2015-16 budget will boost disposable income as the threshold for tax-free allowances for individuals will rise to Tk 250,000 from Tk 220,000.

HSBC sounded out a note of caution as Bangladesh has a history of under-utilising budget funds in the Annual Development Programme. While the country's macro health remains sound, private sector credit growth needs to improve, it said. "We believe that the declining interest rate on bank lending should provide an additional catalyst."

In addition, inflation has remained moderate. With transport blockades now over, businesses will no longer face supply disruptions, which should help keep prices in check. Foreign currency reserves also climbed to an all-time high of $24 billion in April. At this level, the reserves can fund 7.1 months of import bills, up from 6.4 months at the same time last year.



On the foreign exchange front, the taka should be the least-volatile frontier market currency during any rate hike by the US Fed, said the analysis. HSBC's FX team argues that, of the three frontier economies, Bangladesh has the strongest fiscal position, most robust external balance sheet and the best credit rating. On the banking sector, HSBC said the outlook is improving. The banking sector has struggled with

high levels of non-performing loans in the last couple of years, as political turmoil around the 2014 election dented the debt-servicing capacity of many large borrowers.

Non-performing loans or NPLs declined to 9.7 percent as of December 2014, down from 11.6 percent in the third quarter of 2014, and stayed at the lowest level in the last two years. However, NPLs in government banks are still high (22.3 percent) and need to come down to support any meaningful sector recovery.

Bangladesh Bank launched a large loan restructuring policy for big corporate houses with debts of Tk 500 crore or higher. Apart from lower NPL ratios, another positive development is the decline in interest rates. The banking sector is flush with liquidity: the loan-to-deposit ratio declined from over 80 percent in 2012 to 74 percent. Lower interest rates will push up credit growth and improve the banks' LDR and the investment climate, it said.

Corporate earnings have been under pressure lately due to the political unrest since January 2015. The recent first quarter results reflected the overall weakness. Sales growth for the DSE30 index constituents came in at 3.5 percent year-on-year in first quarter of 2015, down from 12.4 percent year-on-year in the fourth quarter of 2014.

Operating income growth also fell from 4.6 percent in the fourth quarter of 2014 to 3.9 percent in the first quarter of 2015. "Now, with a calmer political environment, inflation coming down and more business-friendly measures by government, we expect earnings to turn around. Of course, a stable political environment remains a prerequisite for better corporate sector growth."

Another factor making the Bangladesh market look more promising is declining equity valuations, according to the HSBC analysis.

The equity market is trading at a 12-month trailing price-earnings ratio of 15.8x, which is below the five-year average. Some of the positive sentiment is starting to be reflected in the equity market, which is up 1.3 percent month-on-month.

HSBC believes that the outlook is favourable, especially as the daily turnover has improved. The 20-day average daily turnover has climbed to $90 million from below $50 million just a couple months ago.

Bangladesh will remain top garment sourcing country but African threat looms : McKinsey report

Bangladesh will remain the top garment sourcing destination for global retailers at least for the next five years, and buyers will continue increasing purchase from the country, McKinsey & Company said in a report. During the period, the country's garment exports will grow 7-9 percent year-on-year, while India and Vietnam will be its nearest competitors, according to the survey report. The survey was conducted among 40 chief purchasing officers (CPOs) of top 40 international garment retailers during January-February this year.



Some African countries are also coming up strongly in the global garment business, said McKinsey & Company, which is a global management consulting firm and serves leading businesses, governments, non-governmental organisations, and not-for-profits. The respondents in the survey "Sourcing in a volatile world: The East Africa opportunity" cumulatively purchased $70 billion worth of garment items worldwide in 2014.

"For international CPOs, Bangladesh remains the top future sourcing destination, as 48 percent of respondents put it in the top-3 up-and-coming sourcing markets," according to the report. "Sixty-two percent of our respondents said they intended to increase their sourcing value from Bangladesh over the next five years." Among top 10 sourcing destinations, Vietnam is in the second position as 33 percent respondents chose this country while, India, Myanmar and Turkey are in the third position as 30 percent respondents chose them as sourcing destination. Twenty-three percent respondents chose China, 13 percent Ethiopia, 10 percent Indonesia, while 5 percent CPOs chose Egypt, Sri Lanka and Tunisia as the top 10 sourcing destinations.

"We must note that even these three top countries' combined export is only one-third of the dollar value coming from China currently. China remains the undisputed giant of garment exports, with eight times the dollar volume of exports than the number two Asian apparel sourcing country, Bangladesh." Vietnam and India are tied for the third place, each exporting garments worth around $17 billion.

Despite high growth over recent years neither country poses a threat to China's dominance at the moment,

as all are facing their individual challenges in terms of political stability, garment industry structure, or competitiveness. Only over the longer term is China's manufacturing base expected to weaken due to macro-employment trends.

A recent report by the McKinsey Global Institute forecasts China's labour pool could shrink by one-fifth over the next 50 years. But any trend that is expected to play out over 50 years is only just beginning to be visible in the distance, in 2015, the report said. However, nearly three-quarters of the respondents said they expect to decrease their allocation to Chinese firms over the next five years, although export statistics do not reflect the statements of the CPOs.

Additionally, China is turning more and more of its apparel production capacity toward its own domestic market, serving its growing middle class. "Though Chinese production of apparel has fallen since 2010, we believe the dominance of the global apparel-sourcing market, the mix change toward Chinese consumers, and the substantial size of its growing middle class, will keep China the apparel production powerhouse for the foreseeable future."

The survey found that many of China's garment makers are now looking to open facilities in Cambodia, Vietnam, and Myanmar, as well as in other promising countries. The report said the African countries are attractive candidates to be the next China. Although African countries are not ready currently to take substantial volumes, analysis of population trends can point to potential contenders over the longer term.

Population trends point toward sub-Saharan Africa, as it is expected to enjoy the most energetic growth in working-age population anywhere over the next 20 years. By 2035, the working population in the region is expected to pull even with China today, the report said.

"While this is encouraging, we believe that sub-Saharan Africa must be understood at a granular level because the degree of each country's development and potential for garment exports differs." When the CPOs were asked to assess the prospects for the importance of sub-Saharan Africa over the near term, they said they would be sourcing a greater share of their overall portfolio from the region in 2020 than they are in 2015.

Granted, the dollar volume exported to western markets at the moment is small, but if those figures are borne out, the sub-Saharan share could grow exponentially in the next five years. Thirty-three US buyers noted the rising importance of sub-Saharan Africa for their own sourcing strategies, while only 11 percent of European CPOs agreed with the rise of African countries as sourcing destination.

Of the 28 CPOs already involved in sourcing from sub-Saharan countries, a bit more than half deal directly with local suppliers. Not quite 15 percent source via Asian suppliers' headquarters, and 32 percent source via agents.

The global export data from the World Trade Organisation shows the export value of clothing from the continent as a whole stood at $9.9 billion in 2013, but the majority of those exports came from the countries in North Africa, such as Morocco and Tunisia, rather than the sub-Saharan nations.

"If we examine the top-ten garment-exporting nations in sub-Saharan Africa, we see they collectively amount to only a 0.55 percent share of global apparel exports," McKinsey said.

However, many governments in the region are using legislation and incentives to leverage the textile and apparel industries as tools for the broader industrialisation and economic development for some of the least-developed countries in Africa. Bangladesh will face further challenge in global apparel trade, particularly in the US, for the renewal of the African Growth and Opportunity Act (AGOA) as 39 Africa countries have been enjoying duty benefit under the agreement.

Sovereign wealth fund in the offing to invest in infrastructure

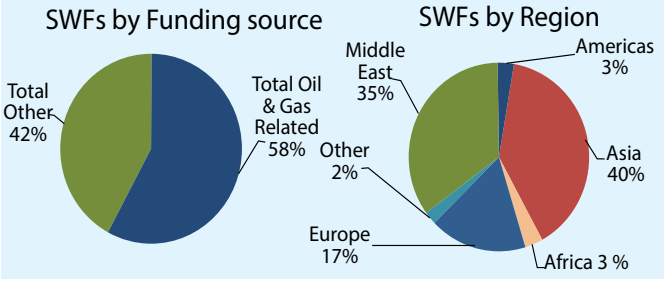
Bangladesh plans to form a sovereign wealth fund with its foreign currency reserves to invest in infrastructure, the lack of which is turning out to be the main barrier to getting out of the 6-percent economic growth trap. A sovereign wealth fund (SWF) is a pool of money derived from a country's reserves, set aside for investment purposes that will benefit the country's economy and citizens. The initial size of the fund would be $1-$2 billion, according to Bangladesh Bank Governor Atiur Rahman.

At present, the central bank has foreign exchange reserves of more than $25 billion, and by the end of the year will cross the $26-billion mark. The central bank does not keep the reserves idle: it invests in various lucrative areas, so much that a big chunk of its profits come from them. But in recent times, the rate of interest in the world market has dropped sharply, and in many sectors it is zero percent. As a result, BB's returns from its investment of the reserves have shrunk.

The development has prompted the government to devise ways to utilise the reserves for a cause that will accelerate the growth rate of the gross domestic product. For the past decade, the economy has been stuck in the 6 percent growth trajectory,

the main cause of which is the lack of conducive infrastructure.

Once the SWF is formed, the government will borrow from it to spend on big infrastructure projects like the Padma bridge, according to the BB governor. The government has already formed a seven-member committee headed by BB Deputy Governor SK Sur Chowdhury to explore the SWF prospect. BB will have to set an optimal legal and economic structure of the SWF and specify the spending rule.



As of March 2015, sovereign wealth funds around the world stood at $7.1 trillion in assets under management, according to the Sovereign Wealth Fund Institute, up from $3.4 trillion at the start of 2008. China ranks number one in terms of the size of SWF followed by the UAE, Norway, Saudi Arabia and Kuwait.

Singapore's Sembcorp to build 400 MW power plant

A Singaporean company's unsolicited offer for setting up a 400 MW dual-fuel power plant on build-own-operate (BOO) basis and importing of 30-50 MW power from India in addition to existing 500 MW approved the Cabinet Purchase Committee on August 5. The committee approved the proposals at a meeting with Finance Minister AMA Muhith in the chair. As per the proposal placed by the Power Division, Singaporean firm Sembcorp will implement the scheme as independent power producer (IPP) project under a joint venture with the North-West Power Generation Company Ltd (NWPGCL).

The plant would be set up on the same site in Sirajganj where the government terminated a letter of intent (LoI) issued to an Indian company, Lanco, that failed to provide the necessary performance security deposit (PSD). As per the proposal, Singaporean firm Sembcorp Utilities Pte Ltd will have 71 percent shareholding in the joint venture, while state-owned NWPGCL will hold the remaining 29 percent. The Cabinet Purchase body approved the proposal under the Speedy Power and Energy Supply (Special Provision) Act 2010.

The Sembcorp offered to implement the project with the same tariff, and under the same terms and conditions agreed with Lanco. As offered, the tariff would be Tk 3.19 per kilowatt hour for gas-fired operation and Tk 13.56 per kilowatt hour for diesel-fired (HSD) operation. The state-owned Power Development Board (PDB) would purchase the electricity for the first 22 years. The government would have to pay Tk 21,507 crore over 22 years to purchase electricity from the plant when it runs by gas considering minimum 84.6 percent plant factor. In case of HSD operation, the government would have to pay Tk 34,835 crore considering minimum 40 percent plant factor over a 22-year period.

After scrutinising the offer, the PDB observed that once the proposal is approved by the government, it will require annually paying about Tk 2,757 crore as subsidy for purchase of electricity from the plant when it is running on diesel (HSD), meaning the total subsidy amount over 22 years would be Tk 60,654 crore.

$25.8m investment by TecnoSity in hi-tech park

The government on August 11 signed a deal with Bangladesh TechnoSity Ltd, which will invest $25.8 million on the much-awaited hi-tech park in Kaliakoir, Gazipur. TechnoSity is a joint venture between local Fiber@Home and three Malaysian companies IRIS Corporation, MSC Technology Centre and Alpha Technologies. It will construct Block 3 of the five blocks of the 232-acre park.



Fiber@Home will have a 76 percent stake in the consortium, while the three other companies will jointly hold the rest, according to Technocity. After building necessary infrastructure on the block that spans 40 acres, TechnoSity will invite companies to set up their factories there. Some multinational companies have already expressed interest to invest in Block 3, according to Technocity officials. TechnoSity will operate the block for 40 years, and the agreement may be extended for another 20.

The consortium will share 12 percent of its revenue from building rent

with the government, 21 percent from land rent, 5 percent from utility charges and 6 percent from other earnings. Though initial investments have been estimated at $25.8 million (around Tk 200 crore), the amount may increase further if demand rises.

Hosne Ara Begum, managing director of Bangladesh Hi-Tech Park Authority, and Moynul Haque Siddiqui, chairman of TechnoSity Ltd, signed the deal, while Anisul Huq, law minister, was present.

Around 60,000 jobs may be created in the hi-tech park in ten years. Local and international software developers, automobile firms, and technology companies can invest in the park. The government has also declared some incentives to encourage companies to set up their factories in the hi-tech park.

Earlier in June, the government signed a deal with another consortium, Summit Technopolis, which will construct and develop Block 2 and 5, spanning 65 acres and 29 acres respectively. Summit Technopolis will invest $114.56 million for Block 2 and $93.03 million for Block 5. The tender evaluation process is ongoing for Block 4 that spans 36 acres. The government has set aside Block 1, which spans 65 acres, for its own use.

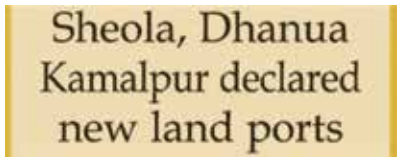
Tk 6.6b projects to develop land ports for spurring regional trade

The government has undertaken a number of projects worth about Tk 6.61 billion to develop the country's land ports considering their importance in regional connectivity initiatives, especially after renewal of the Indo-Bangladesh trade agreement. Development of the land ports, will enable the country to transport goods to and from the neighbouring India as well as Nepal and Bhutan.

In its latest move, the government has also declared Sheola at Bianibazar in Sylhet, and Dhanua Kamalpur at Bakshiganj in Jamalpur as two new land ports to boost the country's trade with the India, according to the Bangladesh Land Port Authority (BLPA). But most of the land ports need substantial development works to be ready for handling goods when commercial vehicles from Bangladesh, Bhutan, India and Nepal (BBIN) will ply using the country's territory under the Motor Vehicles Agreement (MVA).

Under the projects, infrastructure, warehousing facilities, transshipment and inspection system, customs control procedure, institutional and regulatory framework of most of the land ports will be developed to facilitate trade. It will cut border crossing time at selected border points, according to BLPA.

The government has already undertaken a Tk 1.68 billion project for improvement of Benapole and Burimari land ports under South Asia Sub-regional Economic Cooperation (SASEC) Road Connectivity Project with financial assistance from the Asian Development Bank (ADB). Although approved in 2013, the government could not start the work because of multifarious problems. The ADB has recently given concurrence to bidding documents.



The government has also undertaken a project to conduct a feasibility study for development of four land ports, including the newly declared Seola land port, 50 km from Sylhet, which earlier worked as a Land Customs Station. The government is likely to undertake development works of Seola, Bhomra, Ramgarh and Tegamukh land ports after completion of feasibility studies. A team of the World Bank, which will finance the project, recently visited the Seola land port to observe its present condition.

The World Bank, sources said, will also implement a number of regional connectivity projects for boosting trade and investment among Bangladesh, India, Nepal and Bhutan and help develop land ports in Nepal and Bhutan.

The government's development works also include construction of a head office for the BLPA at a cost of Tk 348 million. A detailed project profile has already been prepared in this regard and is awaiting the government's approval. The government has approved two projects at Tamabil and Sonahat very recently. Among these, land development work for Tamabil at a cost of Tk 100 million is going on. The Tk 365 million Sonahat development project was approved by ECNEC in August last week.

According to the Ministry of Shipping the facilities at Benapole and Burimari land ports are almost up to the mark to cater to the present needs of trade and businesses between Bangladesh and India. But if expand trade with Nepal and Bhutan, the capacity of both the land ports will require to be improved.

According to business operators, Bangladesh has the potential to be used as a regional corridor and needs to develop its capacity to handle huge future trade with the neighbouring countries through land borders. Currently, the country has a total of 20 land ports, most of which are being operated for the country's trade with India. Some of these are not fully functional due to lack of necessary infrastructures. With declaration of two new ports, the total number of land port stands at 20.

BEZA plans to generate 10 Million jobs in 15 years

When the country is tackling the challenges of unemployment due to a lack of domestic and foreign investment in the industrial sector, the Bangladesh Economic Zones Authority (BEZA) has devised a plan to create jobs for around one crore people in the next 15 years. BEZA is expecting investments worth $15 billion-$20 billion from both domestic and foreign entrepreneurs in the special economic zones during the period, according to the source.

BEZA is attached with the Prime Minister's Office and is mandated to establish, license, operate, manage and control economic zones in Bangladesh. It has a plan to develop 100 special economic zones in 15 years. Bangladesh's exports crossed $31.2 billion in FY15. Businesses have a vision to export apparel products worth $50 billion by the end of 2021.

BEZA has given licences to entrepreneurs to operate the economic zones. The government will develop the land and provide electricity and gas connections to the zones on a priority basis. The private owners have been authorised to set up their own industrial plants, or allow foreign firms to build factories inside the zones.

BEZA has already selected four economic zones for three countries -- Japan, China and India -- as they have been lobbying for quite a long time to set up industrial plants in separate zones. The authorities have selected a site in Sreepur, Gazipur for Japanese investors. In the near future, Japanese investors might get more zones in Narsingdi and Narayanganj districts as they are demanding more.

Chinese investors will also be given another zone in Chittagong. Two special economic zones -- one in Bheramara and another in Mongla -- have been marked for Indian investors, as they too expressed interest some years ago, sources said.

Moreover, BEZA has been developing some economic zones for specialised sectors, like tourism and IT products. It has selected 1,000 acres of land at Teknaf in Cox's Bazar to set up a tourism park.

Another specialised zone for IT products will be developed in Keraniganj, Dhaka. BEZA will allocate land in the Keraniganj economic zone to entrepreneurs who produce high-end IT products like software.

FDI makes upturn in FY15 after a drop

Foreign Direct Investment (FDI) flow into the country registered a rise last fiscal by official count although there had been a little fall in it during the past calendar year. Provisional estimation, as revealed in the central bank's latest balance-of-payments statistics, shows net inflow of FDI amounted to $1700 million ($1.7 billion) in the FY15. It was 18.7 per cent higher than the amount, $1432 million ($1.4 billion), the country received as foreign investment in FY14.

In the last calendar year, the net inflow of FDI stood at $1526 million against $1600 million of 2013. Thus, on the basis of calendar year, the net inflow of FDI marked a decrease by 4.6 per cent in 2014. The central bank statistics show that during the first half of FY15, July-December period of 2014, net inflow of FDI was $754 million. Thus, in the second half of the last fiscal (January-June period of 2015) net FDI was $946 million.

According to the World Bank's estimation, Bangladesh's FDI-GDP ratio is 1.0 per cent. The full data of FDI for last fiscal year were yet to be available. On the basis of calendar-year data, the country received in 2014 the highest amount of FDI from the United Kingdom, which was $181 million, followed by South Korea ($134.7 million), Pakistan ($130.74 million), Singapore ($117.13 million), Hong Kong ($111.41 million) and Norway ($103.58 million). The central bank data also show that in 2014, the highest amount of FDI came to the textile sector which was $390.92 million followed by banking sector ($311.9 million) and telecommunications ($226.8 million).



Leather sector's exports cross $1b for second year

Exports of leather and leather goods crossed $1 billion for the second year in fiscal 2014-15, according to data from the Export Promotion Bureau. In 2014-15, Bangladesh exported leather and leather goods worth $1.13 billion, compared with $1.12 billion in the previous fiscal year, making it

the second highest contributor to national exports after garment.

Jute and jute goods became the third highest export earner. Bangladesh exports leather shoes, travel bags, wallets, belts and finished leather. The sector has been performing well, as higher export values have helped the sector earn over $1 billion for two years in a row.

Bangladesh aims to export $1.21 billion of leather and leather goods in 2015-16, which is 7.28 percent higher from last fiscal year. Italy, the UK, Belgium, Spain, France, Germany, Poland, the US and Canada are the big markets for the sector.

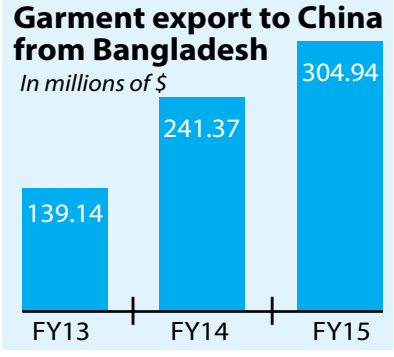
In recent years, the exporters have been doing well in Japan, India, Nepal and Australian markets, according to industry insider.

Bangladesh now exports only 0.5 percent of the global leather and leather goods market worth $215 billion. Bangladesh exports 30 percent of its leather and leather goods to Japan every year.



Garment exports to China up 26pc

Garment exports to China rose 26 percent year-on-year to $304.24 million in fiscal 2014-15 as demand for low-priced basic clothes is still high among middle-income customers. About $141.8 million came from knitwear exports and $163.14 million from woven items, according to data from Export Promotion Bureau. Bangladesh's total garment exports to China in fiscal 2013-14 were $241.37 million.



International and domestic retailers in China have been favouring Bangladesh as a sourcing destination to take advantage of a duty waiver enjoyed by 4,721 Bangladeshi products, most of which are garment items, since April 2011.

Demand for affordable Bangladeshi sweaters and other knit items, T-shirts and white woven shirts is quite high in China. Both Chinese companies and international retailers such as Walmart, Tesco and Metro are buying products from Bangladesh, according to industry insider. Because of the duty-benefit and low production cost in Bangladesh, Chinese consumers can save up to 15 percent if garments are bought from Bangladesh.

Bangladesh's presence in the Japanese market has also grown as garment exports to Japan crossed $652.55 million last fiscal year, from below $100 million five years ago.

Garment exports to Japan up 14 percent

Garment exports to Japan rose 14.02 percent to $652.55 million in fiscal 2014-15 partly due to relaxed rules of origin for Bangladeshi knitwear. Rules of origin or RoO are a set of conditions that determine the source of a product, and are important in determination of duties and restrictions that often vary according to each product's origin.

Knitwear exports in 2014-15 grew 10.43 percent to $279.78 million from the previous year, according to data from the Export Promotion Bureau. The relaxation in Japanese RoO for knitwear, which became effective in April, means that exporters will get duty-free access to Japan even if the items are made with imported fabric. Exports of woven garment, which has been duty-free under the Japanese GSP (generalised system of preferences) for years, rose 16.89 percent to $372.77 million last fiscal year. Before the relaxed RoO, Bangladeshi knitwear exporters to Japan could only get duty-free access for items made with locally spun fabric.

Japan's Prime Minister Shinzo Abe had promised to relax the knitwear export rules during a visit to Dhaka in September last year. Bangladeshi exporters were already getting almost zero-duty benefit on knitwear exports as local spinners met about 90 percent of the sector's raw material requirements. Japan's annual garment sales are about $40 billion, and mostly met with Chinese supply.

Since 2008 Japan's China-plus-One policy introduced to curb Japan's dependence on China has moved local retailers to look for other suppliers such as Bangladesh, Vietnam and Cambodia. Bangladeshi exports to Japan started to grow after the reciprocal visit of the prime ministers of both countries.

Earlier, Bangladesh was relatively unknown to Japanese customers, but its visibility has increased significantly as Bangladesh opened up to their outsourcing needs.

Japan keen to build economic zone in Narayanganj

Japan wants to have an economic zone in Narayanganj for their own investment while process to start construction of another zone in Gazipur is close to be completed. Bangladesh Economic Zone Authority (BEZA) sources said Japan was willing to build economic zones in and around Dhaka and Chittagong cities to increase the number of Japanese enterprises in Bangladesh.

The Japanese investors have taken Bangladesh's cheap labour and large domestic market into account to expand their ventures here.

The funding for land development for the mega economic zones will be generated from Annual Development Programme (ADP) of Bangladesh, according to a government decision finalised on January 21, 2015. Japan International Cooperation Agency (JICA) has preferred lands in five locations close to the two cities. It plans to organise trips for the Japanese and local investors to explore the possibility of direct and joint-venture investments.

BEZA sources said the JICA would make financial proposal for the proposed zones after the sites were selected.

Government allocates 291 acres of land for special Economic zone for Chinese investors

The government allocated about 291 acres of land to Bangladesh Economic Zones Authority or Beza to develop a special economic zone for Chinese investors in Chittagong. Anwara Economic Zone 2 will be developed as part of a government-to-government deal with China, which will create more than 150,000 jobs in Anwara upazila.

At least 371 factories can be set up in the 774-acre zone, according to Beza. The registration for the land was completed on August 17.

The government has signed a memorandum with China and has also appointed China Harbour and Engineering Company for developing the zone. The government plans to sign an agreement with the company for 50 years. The Chinese company has started conducting a feasibility study, which Bangladesh has already done.

The zone is 39 kilometres off the Chittagong port, 28km off the Chittagong city and 46km off Shah Amanat International Airport.

Political stability key to sustainable economic growth: Citi

Political stability, trade liberalisation and efficient implementation of investments in energy and communications infrastructure are paramount to boost inclusive and sustainable economic growth in Bangladesh, Citi said in an analysis on the country.

The government has set a 7 percent economic growth target for fiscal 2015-16, the attainment of which hinges on increasing the investment to GDP (gross domestic product) ratio by another 2-2.5 percentage points from its current level of 26 percent, the global banking giant said in its half yearly update.

It said the measures from the government to boost investment through developing economic zones and ports, bringing in necessary policy and regulation changes and recent announcement to merge the Privatisation Commission and Board of Investment are all steps in this direction.

About the government's 6.2 percent inflation target for the fiscal year, the analysis said domestic production of rice and the prices of fuel in the international market will be the key determinants of whether the inflation target can be achieved. "Furthermore, the new pay scale for government employees may also put upward pressure on prices."

Bangladesh will have to diversify exports geographically and in terms of concentration to achieve the $33.50 billion export target for 2015-16. "Steps are necessary to enhance regional trade with South Asian and Asean (Association of Southeast Asian Nations) countries. Moreover, the export basket needs to be broadened where the pharmaceutical industry and software exports have the potential to take up the baton from the garments industry."

In order to keep up healthy remittance flow, the analysis said, seeking new markets for manpower exports is of paramount importance. It is also important to equip Bangladesh's workforce with technical education and training demanded in prospective manpower markets. At present, most of the remittances come largely from unskilled people working in Middle East countries.

Citi said the stockmarket passed a lacklustre first half dragged down by prolonged political unrest during the first quarter and low investor confidence thereafter. However, from June onwards, investor confidence has been restored to certain degree primarily driven by large cap and multinational stocks.

Regional News

World adopts 15-year new global plan

A bold new global agenda to end poverty by 2030 and pursue a sustainable future has been unanimously adopted by the 193 member states of the United Nations. The ambitious 15-year plan was approved on September 25 at the three-day summit on sustainable development, which concluded September 27. The plan aims to tackle the world's biggest problems -- from eradicating poverty to preserving the planet.



Experts, however, say the tough part will be to get the support and the funds to reach the 17 Sustainable Development Goals (SDGs) of the new agenda. The implementation of the goals is expected to cost $3.5 trillion to $5 trillion every year until 2030. They replace and expand on the UN's previous road map, the Millennium Development Goals (MDGs) that were adopted in 2000 mainly for the developing countries.

The new goals are more ambitious, and are meant to apply to every country, not just the developing world. Stated in broad terms, the goals are accompanied by 169 specific targets meant to advance the goals in concrete ways. Most are meant to be achieved by 2030, though some have shorter deadlines.

Hailing the new 2030 agenda as a universal, integrated and transformative vision for a better world, UN Secretary-General Ban Ki-moon said the new agenda is a promise by leaders to all people everywhere. "It is an agenda for people, to end poverty in all its forms -- an agenda for the planet, our common home," he added.

The 17 SDGs and 169 targets of the new agenda will be monitored and reviewed using a set of global indicators. The global indicator framework, to be developed by the Inter-Agency and Expert Group on SDG Indicators, will be agreed on by the UN Statistical Commission by March next year. Governments will also develop their own national indicators to assist in monitoring progress made on the goals and targets.

Ushering in a new era of national action and international cooperation, the new agenda commits every country to take an array of actions that would not only address the root causes of poverty, but would also accelerate economic growth, meet people's health, education and social needs, and protect the environment.

The new SDGs build on the goal-setting agendas of UN conferences and the widely successful Millennium Development Goals that have improved the lives of millions of people. The new agenda recognises that the world is facing immense challenges, ranging from widespread poverty to the risks posed by climate change.

New $100b BRICS bank opens in China

A new $100 billion international bank dedicated to the emerging BRICS countries opened in China's commercial hub Shanghai on July 21 as an alternative to other multilateral lenders.

The "New Development Bank", backed by the emerging BRICS nations Brazil, Russia, India, China and South Africa, has been viewed as a challenge to Washington-based institutions.

The NDB's website explicitly describes it as an "alternative to the existing US-dominated World Bank and International Monetary Fund" which will address needs for infrastructure and sustainable development. It comes as Beijing -- which is seeking a greater role on the global political stage to mirror its rise to become the world's second-largest economy -- is also setting up a separate Asian Infrastructure Investment Bank (AIIB).

The bank says on its website that it will have authorised capital of $100 billion, with $50 billion paid



in initially. The operations of bank would begin late this year or early in 2016.

Moscow which has suffered huge currency fluctuations and struggled to attract investors since the outbreak of the crisis in Ukraine sees the bank and a BRICS currency reserve pool as alternative global financial institutions.

The BRICS nations, which represent 40 percent of the world's population, formally agreed to establish the bank at a meeting in Brazil in July last year. The World Bank said it hopes to work with the newcomer.

The other new Chinese-based multilateral lender, the AIIB, will be headquartered in Beijing and China will be its biggest shareholder with about 30 percent, according to the legal framework signed in June by 50 founding member countries.

Over 20 countries on 'waiting list' to join AIIB: China

More than 20 countries are waiting to join the China-initiated Asian Infrastructure Investment Bank (AIIB), its designated president Jin Liqun said on September 19 as he allayed concerns it was aimed to challenge US and Japanese influence in the region. The number could bring the AIIB on a par with or even surpass membership in the Japan-led Asian Development Bank (ADB), which currently has 67 members, 19 of them outside of the Asia Pacific, according to its website.

The AIIB has been viewed by some as a rival to the Washington-based World Bank and the Manila-based ADB, which has been headed by Japan, its biggest donor, since it was founded in 1966. The US and Japan -- the world's largest and third-largest economies, respectively -- have notably declined to join the AIIB although they are members of the ADB, but Jin said the door is open to both. "It takes longer for some countries to reach their internal consensus in making their decision," he said.



"We've been very much patient. As you know, the door is open to all of the countries and if they make a decision just pick up the phone, make a call and we can handle the rest of the business," he said, referring to the US and Japan. Of the 57 AIIB potential founding members, 50 have already signed, including Australia, while the seven others have until the end of the year to affix their signatures. The bank will be based in Beijing and will have a capital of $100 billion, with $20 billion paid initially. It is expected to start operations next year. China will be the biggest shareholder with 30 percent. Among non-Asian participants, Germany is the largest shareholder with 4.5 percent, followed by France with 3.4 percent and Brazil on 3.2 percent. Jin said the AIIB is not aimed at challenging the ADB and the World Bank for influence in Asia as the region's funding requirements are so massive.

He cited ADB estimates that Asia's infrastructure demand could reach $730 billion per year by 2020, vastly exceeding available resources from existing multilateral lenders. "Creating AIIB has never been about challenging existing institutions. The world stage is spacious enough to allow many actors to perform," Jin said.

Power trading - a solution to South Asia crunch: ADB

Cross-border power trading can help South Asian countries meet their demand for electricity and save billions of dollars, the Asian Development Bank has said. India, Bangladesh, Nepal, Bhutan, Pakistan and Sri Lanka will enjoy a total benefit of over $4 billion annually from just six interconnections between them, for a cost less than one tenth of that amount, the ADB found in a study that analysed six projects.

The savings make a compelling case for the near-term interconnection projects, all of which have large benefit-cost ratios, to be fast-tracked so that necessary measures can be put in place to realise the benefits.

"A market-driven process for cross-border power trading together with a regulatory framework across the region that enforces a strong economic discipline would maximise the benefits from the development of interconnection projects among South Asian countries," said the report.

Study authors Priyantha Wijayatunga, D Chattopadhyay and PN Fernando analysed six interconnection projects focusing on benefits that could be delivered by these projects in 2016/17. The projects are: India-Bhutan grid reinforcement; Nepal-India 400 kV link; India-Sri Lanka high voltage direct current (HVDC) link; India-Bangladesh HVDC link; India-Pakistan 220/400 kV link; and CASA (Central Asia-South Asia) 1000 and India-Pakistan 400 kV link.

The projects will cost some $229-243 million annually whereas their total benefit would amount to $3.86-4.13 billion, according to the report.

The analysis of the India-Bangladesh HVDC link found that in the most likely scenario or base-case demand projection, where peak demand in 2016/17 is closer to the lower

end, around 9,000MW, the supply capacity is in excess of this demand, but will leave little unserved energy in the system.

In the second case, if demand growth is stronger, peak demand may be around 11,000MW by 2016, or even higher--in excess of 12,000MW--in the third case. The first case will yield an average net annual benefit of $145 million resulting primarily from export of less expensive base-load gas based power from Bangladesh to India.

In the second case, benefits are much higher, at $234 million, due to the interconnector largely importing power to meet peak demand in Bangladesh. The third case sees the interconnector being used to import power to eliminate part of the unserved energy. It therefore renders the interconnector to have the highest net benefit at $389 million.

"The benefit of the link clearly exceeds the cost of the link for all three cases," said the report. It said on average the benefit-to-cost ratio of the link is in the range of 5.8 to 15.5. It is a very healthy ratio that makes the link attractive by any standard. If Bangladesh were to find itself in a state of tight demand-supply condition, the benefits are high enough to recover the entire investment in a single year," the report said.

The relative size of the Indian power system, its high growth rate of demand and location relative to other countries, suggest that India has to assume the role of a central hub in driving cross-border power trading to a greater height, at least in the initial stages. It said the successful development of power exchanges in India has laid a strong platform for cross-border power trading to be operationalised.

The ADB report said with a strongly interconnected power system in the India-Bangladesh-Bhutan-Nepal sub-region, the large hydropower potential in Bhutan and Nepal can be developed and transmitted to load centres to meet the exponentially increasing electricity demand in Bangladesh and India. Bhutan's estimated hydropower stands at 11GW by 2020 and for Nepal it is 42GW. There are large capacity interconnections between Bhutan and India already, and the annual power transfer between the two countries has grown considerably over the recent years, standing at around 6,000GWh in 2011-12.



However, the construction of the first large capacity interconnection between India and Nepal has only just started, limiting power transfer between them to about 400GWh, where Nepal is importing power from India, particularly during the dry season. The first interconnection between India and Bangladesh of 500MW capacity was built with ADB's assistance and was commissioned in October 2013.

The interconnection allowed Bangladesh to access the power market in India for a capacity of 250MW through a commercial agreement while the remaining 250MW is supplied through a set of government-owned power plants. Bangladesh's installed power generation capacity now stands at 11,683MW with daily production hovering around 6,500MW, according to Bangladesh Power Development Board.

A development which enables the environment towards a regional power market is the introduction of power exchanges in India--such as the Indian Energy Exchange and Power Exchange India Ltd. Such power exchanges would provide space for a market place allowing the transactions to be based on demand and supply between buyers and sellers.

"Extension of these exchanges to encompass the interconnected South Asia region would present a good market place for producers and buyers in neighbouring countries to sell and buy power anywhere in the region. Such exchanges would naturally improve investor confidence in the power sector in the region."

It said most countries in South Asia experience exponentially growing demand coupled with power shortages. For instance, Bangladesh and Nepal have significant energy shortages at present and could have benefited immensely if all the power systems were connected and operated through a regional power exchange where surplus power from other countries can be traded.

"Such operation through a power exchange will help the development of the Nepal hydropower sector in the long term since transactions under such operation will be equitable and transparent based on the power exchange operational rules." "This will take away one of the major concerns of Nepal where there is doubt on equitable treatment of power traded when the trade occurs based on bilateral agreements."

Further, India has large power needs with rapidly increasing demand for its fast growing economy and increasing rural electrification. In the case of Sri Lanka, in the future it is likely to face peak-load generation shortages while its base-load generation will be in excess. At the same time Bangladesh will also experience both peak and base-load generation shortages in the future. "Therefore any interconnection with India will be able to ease this situation in Bangladesh and Sri Lanka with long term access to Indian power market."

ADB revises down regional growth as China and India slow

Weaker growth in China this year is expected to cause a slowdown in the rest of Asia, the Asian Development Bank said September 22 as it became the latest major body to revise down its forecasts for the world's number two economy. It also warned central banks to prepare for an expected Federal Reserve interest rate rise, with many nations already seeing huge capital outflows as dealers look for safer US investments.

The report comes as markets have been hit by extreme volatility driven by fears over the Chinese economy -- and its leaders' management of it -- after last month's surprise devaluation of its yuan currency.

"The combination of a moderating prospect in China and India, together with delayed recovery of advanced countries, weighed on our forecast for the region as a whole," said ADB Chief Economist Shang-Jin Wei, who presented the report at the Foreign Correspondents' Club in Hong Kong. In an update to its flagship Asian Development Outlook released in March, the Bank said growth in the region would hit 5.8 percent this year and 6.0 percent in 2016. March's forecast was for 6.3 percent for both years. Inflation in the developing Asia region was forecast to ease further, partly due to lower global commodity prices.

Wei said that the overall outlook for the region was "still positive" but had been impacted by capital flow reversals and weakened commodity prices for exporters, partly related to the China slowdown. "Developing Asia is expected to continue to be the largest contributing region to global growth despite the moderation," he added.

However, it tipped China -- the main driver of global economic growth -- to expand 6.8 percent this year, instead of the 7.2 previously estimated, following a stream of weak indicators including on trade, inflation, investment and consumer spending. The ADB predicted growth rate would be the slowest since 1990, a year after the Tiananmen Square crackdown that led to global sanctions against Beijing. It is also below China's official target for the year of "about" 7 percent. But Wei said talk of a collapse in Chinese growth was "overblown".

"Consumption growth continues to look relatively strong. Retail sales look relatively resilient... job market employment looks relatively resilient," he said. Wei added that stocks volatility was unlikely to have a long-lasting effect on growth. It added that Southeast Asia was bearing the brunt of China's slowdown, with growth in Southeast Asia this year put at 4.4 percent, before rising to 4.9 percent in 2016.

Jurgen Conrad, head of the ADB's economic unit, told reporters in Beijing that the revision was "mainly due to the delayed recovery in industrial countries reducing export demand". Last week the OECD cut its 2015 growth forecast for China by 0.1 percentage points to 6.7 percent. Forecasts for India were also lowered to 7.4 percent from 7.8 percent, weighed by the slow pace of reform by the new government and weak external demand, the report said.

The ADB urged regional central banks to move now on monetary policy to prepare for a US rate hike, which Fed chief Janet Yellen has said will come before the end of the year. "To counter the impacts of a US rate rise, monetary policy authorities in developing Asia will need to find a balance between stabilising the financial sector and stimulating domestic demand," the report warned.

Bangladesh-- India set to establish Joint Venture firm for installation of onshore pipeline

Bangladesh and India are set to establish a joint venture (JV) firm to build the first-ever onshore pipeline for carrying petroleum products from Numaligarh refinery to Bangladesh. The state-run Bangladesh Petroleum Corporation (BPC) and India's state-run Bharat Petroleum Corporation Ltd (BPCL) in April this year inked a memorandum of understanding (MoU) to establish the JV firm for installing the cross-country oil-carrying pipeline.

The terms and references of the JV firm would clearly state required investments, stakes of respective countries, wheeling charge to carry petroleum products through the pipeline. The JV firm between the two countries would responsible to set up the pipeline and carry out its operation and maintenance. The headquarters of the JV firm would be in Dhaka, according to the source. If established, the pipeline would be the first cross-country one to carry any sort of energy between these two neighbouring countries in South Asia.

Both the state-owned petroleum companies of Bangladesh and India agreed earlier to build together the first cross-country oil import pipeline between the two countries that will see an initial 300,000 tonne per year of refined oil products to be transported from the BPCL's Numaligarh refinery to Bangladesh.



Both the BPC and the BPCL have agreed to invest in the project. If everything goes according to the plan, BPC might start importing refined oil products from Bharat Petroleum's refinery in north-eastern state of Assam by 2016.

The BPCL has 61.5 per cent stakes with the 3.0 million tonne per year capacity of Numaligarh refinery located near Bangladesh's north-eastern border. Oil India Ltd has 26 per cent stakes and the government of Assam has 12.35 per cent stakes in the refinery. Once implemented, the pipeline is expected to reduce Bangladesh's oil import costs and importing time as well as transport losses.

BPC, Bangladesh's sole oil importer, is planning to initially import around 300,000 tonnes of refined oil products every year from the refinery, which could potentially be increase more than threefold to 1.0 million tonnes per year within three to four years, according to BPC.

The BPC is keen to import mainly gasoil from Numaligarh refinery to meet mounting requirements, especially to operate the gasoil-run irrigation pumps in the northern region. It has also planned to import other refined oil products in future in line with domestic requirements.

The BPC has set a target of importing around 5.81 million tonnes of petroleum products in 2015, up 7.50 per cent from the current calendar year, at a cost of around US$ 5.0 billion. Diesel import accounts for more than half of the total imports as the corporation has been importing 3.0-3.5 million tonnes of gasoil over the past several years to meet growing domestic demand. The BPC's oil import has been increasing steadily over the past several years to meet rising local demand, especially for oil-fired power plants.

China seeks to rebuild Silk Road trade links

China is increasingly engaging other countries for its 'One Belt, One Road' initiative to rebuild the historic Silk Road trade links with Europe, Asia and Africa. The name, 'One Belt, One Road', comes from abbreviating the two planks of the scheme, the 'Silk Road Economic Belt' and the '21st Century Maritime Silk Road'.

It used the 12th China-Asean Expo (CAEXPO), which kicked off on September 18 in Nanning and continued until September 22, to show the benefits that the initiative will bring. The five-day exposition itself is an attempt to further strengthen the cooperation between China and the Association of Southeast Asian Nations (Asean) and create a new blueprint for maritime cooperation.

China is the Asean's largest trading partner. Asean is China's third largest trading partner. Bilateral trade between China and the Asean increased 8.23 percent year-on-year to $480 billion in 2014, according to Xinhua news agency. Featuring "The 21st Century Maritime Silk Road: Creating A Blueprint for Maritime Cooperation" as its theme, the exposition will see participation from over 2,200 companies from China and other south-eastern countries. As part of a series of high-level activities held centring on CAEXPO, the China Daily and China-Asean Expo Secretariat co-organised Asia Media Forum of 12th CAEXPO with the theme "Asia News Network and the 21st Century Maritime Silk Road".

Sponsored by the ANN, a Bangkok-based network of 21 media groups in Asian cities, the forum, which was held on September 17, was attended by senior journalists and experts from around 20 Asian countries alongside Chinese government officials. They gave their opinions on the huge prospects of the 'One Belt, One Road' initiative and the challenges that will most likely be faced at the time of implementation.



The rest of Asia would like to participate in the economic miracle that China has established, and the initiative is a step in the right direction for that. About the prospects for South Asia, Cyril Pereira, co-chairman of the Asian Publishing Convention, said the region lack investment, so if China invests through the initiative, the Mahfuz Anam, editor and publisher of The Daily Star, a member of ANN, said the initiative has captured the imagination of the people of Asia, and particularly those of Bangladesh. The Maritime Silk Road has historic association with Bangladesh: the Brahmaputra river, which originates in China, flows into the Bay of Bengal through the country, he said.

countries of the region will be benefited.

Pereira, however, said the initiative faces many challenges especially stemming from distrust between the Asean countries and China. Subsequently, he urged China to set up a web portal where all information related to the 'One Belt, One Road' initiative can be found.

Zhai Kun, a lecturer of international relations at Peking University, said the perception about the Maritime Silk Road varies from region to region, so the government is working with each of them differently. He also said the Chinese government alone would not be able to make the initiative a success. The other stakeholders such as the media and the businesses have to play a role.

Originating from cities on China's south-eastern coast and using a system of linked ports and infrastructure projects, the Maritime Silk Road aims to reach Europe. The planned sea route begins in Fuzhou, China and goes via Vietnam, Indonesia, Bangladesh, India, Sri Lanka, the Maldives and East Africa. Along the African coast, China plans to develop ports in Kenya, Djibouti, Tanzania and Mozambique.

Drawing on the historical heritage, the "Belt and Road" initiative, a brainchild of Chinese President Xi Jinping, covers more than 60 countries with a population of 4.4 billion and gross domestic product of $21 trillion.

China pledges $2b to assist the developing world

Chinese President Xi Jinping has pledged to establish a $2bn (£1.3bn) fund to assist developing countries and to significantly increase investment. Addressing a UN summit on development goals, Xi said investment would reach $12bn over the next 15 years.

He also said China would cancel debts to the world's least developed nations, including small island nations. Beijing, would assist in 600 overseas projects in the next five years and offer more scholarships, he added.

"Looking around the world, the peace and development remain the two major themes of the times," the Chinese leader said at the summit in New York. "To solve various global challenges, including the recent refugee crisis in Europe, the fundamental solutions lie in seeking peace and realising development. "Facing with various challenges and difficulties, we must keep hold of the key of the development. Only the development can eliminate the causes of the conflicts," Xi said.

His pledges of aid give a big boost to the launch of the UN's new Global Goals for Sustainable Development - the day after all members states committed themselves to a hugely ambitious programme, the BBC's James Robbins in New York reports. The plan aims to eradicate poverty and hunger by 2030.

Asia's millionaires to become world's richest: report

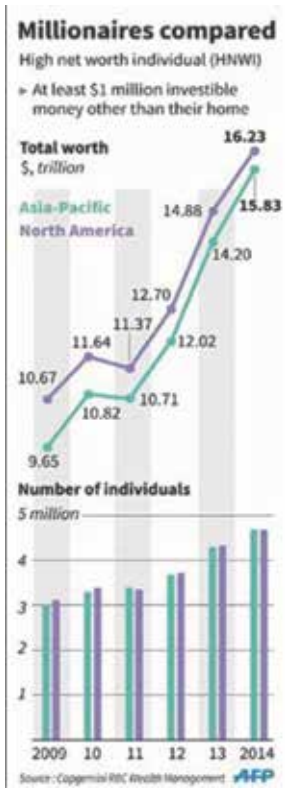
Asia Pacific millionaires are set to become the world's richest this year, a report said on September 16, driven largely by wealthy individuals in India and China. The combined wealth of Asia Pacific's super rich will surpass its 2014 total of $15.8 trillion and overtake that of their North American counterparts -- currently the world's richest group with a shared wealth of $16.2 trillion last year, the study said.

The research by computer services consultancy Capgemini and RBC Wealth Management said the Asia Pacific region already had the largest number of high net worth individuals (HNWIs), with 4.69 million in 2014 against 4.68 million in North America. HNWIs are those with investible money of at least $1.0 million apart from the value of their homes and other collectibles.

"Looking further ahead, HNWI wealth is expected to expand more in Asia Pacific than in any other region of the world with much of the new wealth expected to come from the emerging economies of China, India, Indonesia and Thailand," the firms' Asia-Pacific Wealth Report 2015 said. "China and India, in particular, have propelled Asia Pacific HNWI wealth growth in recent years and are expected to continue to act as key drivers both in the region and globally."

The report said China and India represent nearly 10 percent of global HNWI wealth, and accounted for 17 percent of the worldwide increase in new wealth since 2006.

China had 890,000 millionaires with a total wealth of $4.5 trillion in 2014, up 17.5 percent and 19.3 percent, respectively, from a year



earlier. Globally, India recorded the fastest pace of growth in the number of millionaires -- 26.3 percent to 198,000 -- while total wealth surged 28.2 percent to $785 billion, the report added.

World Population By 2050 : India to take over lead from China

India will topple China as the world's most populous country in 2050 as the latter's population growth slows down, according to a new projection. However, Bangladesh will remain the eighth most populous nation in the world in 2050 although there will be a lot of new faces in the rankings of the world's 10 most populous countries 35 years on, the US-based Population Reference Bureau (PRB) said.



At present Bangladesh's population is 160 million and is projected to become 202 million in 2050, according to projection. In 2050, the world's population will stand at 9.8 billion from 7.3 billion today.

India, which is now the second most populous nation with 1.314 billion people, will replace China as the world's most populous country. In 2050, India will have a population of 1.66 billion whereas China will have 1.366 billion people. China now has a population base of 1.372 billion.

"The population gains are also due to a decline in mortality rates due to improvements in public health," said Peter Goldstein, vice president with the PRB, who oversaw production of its 2015 World Population Data Sheet. He said China for several decades has been focused on driving down fertility rates, while India's population is growing at a relatively moderate pace.

Africa, because of its ongoing baby boom, may have something to say in the ranking, as the continent will claim three of the world's 10 most populous countries in 2050. The largest of those, Nigeria, will be just 1 million people shy of the US's size, with Democratic Republic of the Congo and Ethiopia entering the list. They replace Russia and Mexico, with the former's exit leaving Europe with no country on the top 10 list.

"Africa is going to be a key driver in population growth over the next few decades," said Goldstein. Nigeria, which is now the seventh most populous country, is projected to be the fourth most populous nation with 397 million people. Congo and Ethiopia will have a population of 194 million and 165 million respectively in 2050.

Indonesia, which is now fourth placed, will go down one place and have a population base of 366 million. Sixth place will go to Pakistan which will retain its position with 344 million of people from 199 million now.

The PRB also said in Bangladesh, expanded employment in the garment industry is linked to notably lower rates of marriage among rural migrants under the age of 15. The percentage of Bangladeshi girls married by age 18 has declined much more slowly as the youngest potential brides tend to postpone marriage by only a few years. The majority of Bangladeshi girls continue to marry before age 18, it said.

OECD cuts world growth outlook, warns on emerging markets

The OECD cut its world economic growth forecasts for 2015 and 2016 on September 16, warning of a dramatic slowdown in Brazil and a global outlook clouded by uncertainty over China. The policy analysis club of 34 advanced economies had already slashed its forecasts just three months ago because of weak US activity.

Now the Organisation for Economic Cooperation and Development is returning to its calculations with an axe, citing in part a crisis gripping emerging markets as China's economic boom, and its voracious appetite for raw materials, slows. The OECD cut its world growth forecast for this year to 3.0 percent, trimming 0.1 percentage points off its previous estimate made in June.

"Global growth prospects have weakened slightly and become less clear in recent months," the OECD said, despite a recovery in advanced economies. "The outlook has worsened

Real GDP:
Percentage Change

	2014	2015		2016	
		Sepmber 2015 Interim Projections	Difference from June Economic outlook (percentage points)	Sepmber 2015 Interim Projections	Difference from June Economic outlook (percentage points)
United States	2.4	2.6	0.4	2.6	-0.2
Euro area	0.9	1.6	0.1	1.9	-0.2
Japan	-0.1	0.6	-0.1	1.2	-0.2
Germany	1.6	1.6	0.0	2.0	-0.4
France	0.2	1.0	-0.1	1.4	-0.3
Italy	-0.4	0.7	0.1	1.3	-0.2
United Kindom	3.0	2.4	0.0	2.3	0.0
Canada	2.4	1.1	-0.4	2.1	-0.2
China	7.4	6.7	-0.1	6.5	-0.2
India[2]	7.2	7.2	-0.1	7.3	-0.1
Brazil	0.2	-2.8	-2.0	-0.7	-1.8
Rest of the world[3]	2.8	2.3	-0.2	3.3	-0.3
World	3.3	3.0	-0.1	3.6	-0.2

further for many emerging market economies." The group issued its new economic outlook on the eve of a US Federal Reserve decision on whether to lift interest rates for the first time in nine years. Analysts say such a tightening could chill global activity.

For China, whose slowing economy has prompted deep uncertainty in global financial markets, the OECD cut its 2015 growth forecast by 0.1 percentage points to 6.7 percent. But Brazil's forecasts took the biggest hit, by far, in the latest OECD report.

Suffering like other emerging economies from a commodity price crash, engulfed in recession and with its debt downgraded by Standard & Poor's this month to junk bond status, Brazil had its economic outlook for this year downgraded to a 2.8-percent contraction instead of a 0.8-percent contraction.

For 2016, the OECD lowered the global growth outlook to 3.6 percent, a reduction of 0.2 percentage points from three months ago. "Some strengthening in growth is expected in 2016 but doubts about future potential growth continue to build," it said. While the US recovery was now solid, the OECD said the picture worldwide was muddied by "puzzles" in other big economies. "Erratic" data in Japan raised questions over its recovery, the group said.

Coincidentally, within an hour of the report's release, Standard & Poor's cut Japan's investment-grade credit rating by one notch, saying the government's strategy to revive growth and end deflation was unlikely to reverse the deterioration in the next two to three years. Meanwhile, the euro area's recovery lacked some vigour and activity in China was "difficult to assess", the OECD said. Emerging markets risked being hurt by rising world interest rates or a sharper than expected slowdown in China, sparking financial and economic turbulence that could be a "significant drag" on advanced economies, it said. China faces a challenge trying to sustain growth while changing its economy from an investment-powered model towards one led by consumers, the OECD said. It urged China to focus on social spending to support consumers, rather than debt-financed infrastructure investment. The group supported a rise in US interest rates but said the pace will be critical. "In the United States, progress on closing output and employment gaps warrants an upward interest rate path, but at a very gradual pace," the OECD said.

"The timing of the first rate hike is of secondary importance compared to the pace of increase. Clear communication of that pace will help to minimise financial market volatility." The latest report means the OECD has cut its 2015 global growth outlook by a full percentage point from March, when it foresaw a worldwide economic expansion of 4.0 percent.

Bangladesh may gain a lot from South Asian connectivity: WB economist

Bangladesh stands to gain substantially from greater economic integration with its South Asian neighbours, experts said on September 28. "For Bangladesh, there are massive opportunities for trade and foreign direct investment," Sanjay Kathuria, lead economist for the World Bank's South Asia region, said at the South Asia Economic Conclave in New Delhi.

The Confederation of Indian Industry (CII), a not-for-profit organisation, organised the first-of-its-kind three-day event with support from the Indian government and the WB, aiming to achieve inclusive growth through deeper economic integration in South Asia.

With the motor vehicle agreement among Bangladesh, Bhutan, India and Nepal, the country can increase its exports manifold, he said. The reason is, the country has "very competitive" labour. No other country in South Asia does mass manufacturing as efficiently as Bangladesh, he said. "You will not find factories of Bangladesh's size anywhere else in South Asia: 5,000 people under one roof? That's unique to Bangladesh."

To best leverage that, focus needs to be put to the border areas such that goods can reach rapidly from the factories to the ports.

The agreement gives the country an opportunity to improve its own internal infrastructure as well. "You can kill two birds with one stone," Kathuria said, adding that connectivity is a big area for improvement in the region.

Generally, South Asia is very poor on logistics and lags behind its East Asian neighbours. Kathuria said FDI and trade go together: if Bangladesh can increase its trade, the other will follow. The country can also team up with Bhutan, Nepal and the northeast of India to solve its own energy problems, he said.

According to CII, the conference will highlight how unshackling regional trade and investment opportunities could be one of the main sources of sustainable economic growth. An official of the WB said the integration is a must for the development of South Asia, but which country will benefit how much would depend on the negotiation capacity of the respective country. But all countries will benefit from integration.

At present, trade amongst the Saarc countries is only 5 percent of the total trade by its member countries, according to CII. By comparison, the EU countries do twice as much internal trade (over $800 billion in 2013) as exports. The right policies could unleash at least $100 billion of trade annually in the short-term.

The CII said the desire to unite the region through economic policies

has never been stronger. The discussions will be beyond the usual political rhetoric of India-Pakistan political relations, which has been a key reason why this region is the least integrated in the world and home to the maximum number of impoverished people.

Investment has been the major driver in a number of successful regional economic integration. The EU is by far the best example of where intra-regional investment helped facilitate the deeper integration.

Intra-regional FDI in South Asia accounts for just 4 percent of total inward FDI, according to CII.

There is significant potential for enhancing regional cooperation in the area of direct investment, both for expanding intra-regional investments, and for attracting FDI from outside the region. Besides investment, the roundtable will discuss ways to increase cooperation in power, education and health in the region.

Tofail Ahmed, Bangladesh's commerce minister; Nirmala Sitharaman, Indian minister for commerce and industry; Piyush Goyal, Indian minister of state for power, coal and industries, also took part in the discussions.

Global Initiative to Fight Hunger : Bangladesh chosen as a focal country

Projecting Bangladesh as a focal country, a global initiative would be launched in the United States in November to end hunger and undernutrition by 2025.

Compact2025 -- the programme designed by the Washington-based global food policy think-tank International Food Policy Research Institute (IFPRI) -- aims at achieving global food security and nutrition by 2025, five years ahead of 2030, the year set for achieving Sustainable Development Goals (SDG).

With expiration of the Millennium Development Goals (MDG), the UN General Assembly is set to adopt a resolution this September to incorporate the SDG into the post-2015 agenda.

Bangladesh has achieved the MDG goal of halving poverty well ahead of the target period. Prime Minister Sheikh Hasina and Agriculture Minister Matia Chowdhury have been invited to attend the Compact2025 launch in November in Washington DC.

A concept note of the Compact 2025 read, "Hunger and undernutrition are two of the greatest scourges facing our planet today. We can eliminate both, and we can do so by 2025, which will also help end extreme poverty and will contribute to achieving multiple Sustainable Development Goals. "By working across sectors and with multiple stakeholders to provide evidence-based knowledge with an emphasis on country-led progress, Compact2025 will contribute to the achievement of global food security and nutrition by 2025," it added.



According to the source, the governments of Bangladesh and two other African nations -- Ethiopia and Rwanda -- have shown firm commitments to work for fast eradication of hunger and undernutrition. That was why these were taken as focal countries. In Bangladesh we have achieved the MDG goal on poverty-reduction well in advance, but still 28 million people consume below the daily minimum diet requirement of 1,800 kilo calories because of a large population base.

The number of stunted [too short for one's age] children [under-five] dropped from 41 percent in 2011 to 36 percent now, which is still very high. Studies from Ethiopia, India and Nigeria show that every $1 invested in reducing child stunting, an indicator of undernutrition, generated between $12 and $34 in economic returns. Countries like Brazil, China, Thailand and Vietnam have succeeded in reducing undernutrition quite fast and the "Compact2025 would create opportunities for others to learn from their lessons".

There were a good number of social safety-net programmes (SSNPs) in operation in Bangladesh and earlier studies showed that if SSNPs were tagged with nutrition education, these could make a big difference in the fight against hunger and undernutrition.

During the 2015-2025 period the Compact2025 programme would provide research-based guidance on developing, implementing and scaling up successful policies and strategies; fill knowledge gaps in designing country-led food security and nutrition strategies; identify pragmatic, action-oriented strategies to address challenges on the ground while learning from stakeholders at all levels and from all sectors; and work with countries to develop context-specific, practical road maps to accelerate the elimination of hunger and undernutrition.

According to IFPRI, it is possible to end hunger and undernutrition by 2025 by adapting successful strategies employed by countries such as Brazil, China, Thailand and Vietnam. China and Vietnam -- both agriculture based-societies where smallholders dominate -- have successfully adapted agriculture-led strategies: Vietnam had reduced hunger from 45 percent in 1990-

1992 to 13 percent in 2012-14 and China reduced child stunting from 32 percent in 1990 to 8 percent in 2010.

Brazil employed social protection-led strategies and targeted nutrition interventions to eliminate hunger and reduce child stunting from 19 percent in 1989 to 7 percent in 2007. Thailand adapted agriculture-led as well as social protection-led strategies and targeted nutrition interventions to rapidly reduce hunger and undernutrition. It reduced hunger from 36 percent in 1990 to about 7 percent in 2012-14 and reduced child stunting from 25 percent in 1987 to percent in 2008-09.

China, Pakistan set to sign economic zone deal

Pakistan is set to sign a 40-year-lease with a Chinese company to develop a massive special economic zone in the deep sea port of Gwadar, according to source. The scheme is part of the China-Pakistan Economic Corridor (CPEC), an ambitious $46 billion investment plan linking western China to the Arabian Sea with infrastructure, energy and transport projects.



The contract assigning the 923 hectare (2300 acre) swathe of tax-exempt land to China Overseas Port Holding Company (COPHC) is likely to be signed this month or October, Dostain Khan Jamaldini, chief of the Gwadar Port Authority (GPA) told AFP.

As part of the wider plans, "work on the Gwadar International Airport would start in the next couple of months and we are quite hopeful of completion of the national highway connecting Gwadar with the north within the next month", he added.

Pakistan is also raising a special security force of between 10,000 and 25,000 men to protect the port, which lies in the restive southwestern province of Baluchistan which since 2004 has been roiled by a separatist insurgency.

IMF welcomes Myanmar currency reforms

The International Monetary Fund welcomed Myanmar's "bold move" to liberalise its foreign exchange rules in a report published on September 17 and warned that the poor Asian country would need to tighten monetary policy and reduce credit expansion. The Fund cautioned that without further reforms, which could lower growth in the short term, Myanmar risked a run on its foreign exchange reserves, which cover just three months of imports, and a burgeoning fiscal deficit.

The Fund said that while the official deficit was estimated at 3 percent of gross domestic product, its real number was closer to 5.5 percent of GDP once one-off receipts from telecommunications and gas companies are excluded. The Fund forecast the Myanmar economy would grow 8.5 percent this year. "The projected increase in the fiscal deficit in the 2015/16 budget -- amounting to almost 2 percent of GDP -- will provide an expansionary stimulus and contribute to strong credit growth and a rising current account deficit," the Fund said. That would result in the Central Bank of Myanmar likely needing to finance part of that shortfall, something the Fund said needed to be reined in.

It forecast that inflation would rise to 13 percent and the current account deficit would also rise to around 9 percent of GDP, causing the central bank's reserves to fall further to 2-1/2 months' worth of imports. While it welcomed reforms in the currency market that have seen the kyat exchange rate move closer to that of the parallel market, the Fund said more reforms were needed.

"The current downward pressure on the kyat is largely a result of macroeconomic policy inconsistency. Monetary and fiscal policies are too loose to anchor the exchange rate expectations,



although external shocks have also played a role. Under the current macroeconomic policy settings, resisting depreciation pressure could lead to a quick rundown of reserves," it said. The Fund report said that the kyat had depreciated about 20 percent against the dollar since September 2014.

ICC HQs News

Business leaders call for collaborative SDG effort

The SDGs - launched at a major summit in New York held during 25-27 September - set out a new vision for a brighter, safer and more prosperous world for all. In a letter to the Financial Times the business leaders wrote: "Many businesses are already playing a leading role in



promoting sustainable development, but with the right support and incentives from government we can do much more. A collaborative effort is also required to enable the transformation of business practices towards sustainability more broadly - including within the small business sector."

Commenting on the release of the letter, ICC Secretary General John Danilovich said: "This is a clear and visible demonstration of the business community's commitment to the new Global Goals. We call on governments to work constructively with the private sector to deliver fully on the promise of the SDGs".

Let us work together to seize this once in a generation opportunity to deliver a brighter and more prosperous future for all.

The full text of the letter is below and can also be found on the Financial Times website.

Sir, We represent more than 20 of the world's leading businesses. We are writing at the initiative of the International Chamber of Commerce in advance of the formal adoption this week of the Sustainable Development Goals (SDGs) - the UN's new agenda for people, planet and prosperity.

The SDGs represent, without doubt, the most ambitious development agenda ever forged at the international level. They set out an essential road map to address some of the world's most pressing and intractable problems, from extreme poverty through to climate change. Simply put, we all - as global citizens - have an interest in making the SDGs an unprecedented and unmitigated success.

The international development agenda is sometimes narrowly construed as a matter for governments alone, but it is clear that effective implementation of the SDGs will require widespread business support.

To take one angle: official estimates place the annual investment gap in sustainable development in developing markets at up to $2.5tn annually. It is anticipated that much of this shortfall will need to be filled by private capital. In other areas, business expertise and innovation will be key if we are to limit greenhouse gas emissions, create new jobs and promote sustainable consumption cycles.

That's why we are calling on world leaders gathering in New York this week to commit to working actively and constructively with the private sector to deliver on the promise of the new "Global Goals". Many businesses are already playing a leading role in promoting sustainable development, but with the right support and incentives from government we can do much more. A collaborative effort is also required to enable the transformation of business practices towards sustainability more broadly - including within the small business sector.

While the SDGs address many complex issues, our message is simple: let us work together to seize this once in a generation opportunity to deliver a brighter and more prosperous future for all.

Takeaways from the India Economic Convention 2015

The International Chamber of Commerce and the India Foundation joined forces to host the India Economic Convention 2015, which took place on September 17 in Delhi.

The convention brought together business leaders and government officials to review the progress of reforms spearheaded by Indian Prime Minister Narendra Modi to make India a leading centre for global business.

Here are five takeaways from this dynamic event:

India: A shining star of the BRICS -Sunil Mittal



Despite a diverse set of challenges there is a new sense of urgency and excitement in India to match delivery with expectations. Calling for clear policies from the government to make doing business easier, ICC Vice-Chairman Sunil Bharti Mittal described India as the "shining star" of the BRICS economy with a projected growth of 7.8% in 2015 that makes it one of the only countries likely to deliver on G20 commitments to accelerate global growth through to 2018.

Trade for jobs and growth : Arun Jaitley



Flexible and stable policies together with the rule of law were cited consistently as key factors for India to attract investment, create jobs and bring the cost of capital down.

Addressing the over 400 convention participants, ICC Chairman Terry McGraw also called for the swift ratification and implementation of the World Trade Organization's Trade Facilitation Agreement which he said had significant potential to boost Indian competitiveness. "India has lost its sheen, we now have a mandate for economic change," said Finance Minister Shri Arun Jaitley.

Bridging the digital divide : Kevin Martin



In a country with an Internet penetration rate that is second only to that of China, Indians are using digital technology for their businesses and for their empowerment. These were the words of Union Minister for Communications and Information Technology Ravi Shankar Prasad who outlined how Narendra Modi's Digital India initiative was aiming to realize India's prospects through the use of technology.

During the session, Facebook's Kevin Martin called for flexible policies that don't limit innovation to keep pace with changes and bring the benefits of the digital revolution to more Indians.

ICC Executive Board member Cherie Nursalim highlighted how information and communication technologies and the Internet also had the potential to advance every single one of the 17 United Nations Sustainable Development Goals.

Skills, skills, skills : Rajiv Pratap Rudy



"A job changes a life in the way subsidies never can," said Manish Sabharwal, CEO of TeamLease Services.

In a dynamic discussion on the architechure for skills development, Indian Minister of State for Skill Development and Entrepreneurship Rajiv Pratap Rudy, said that India could not continue to shine without skills development. A mindshift away from the notion that skills are for the country's school dropouts, making it easier to create training institutions, recognized certification, and shifts in labour laws to attract employment were all identified as areas that would contribute to reducing the skills gap.

Business and government working together : Jayant Sinha



"Because we are a pro-poor government, we are a pro-market government," said Union Minister of State for Finance Jayant Sinha.

Business and governments must work together to advance India on its path to prosperity he told participants. "We believe in empowerment rather than entitlement. We believe in minimum government and maximum governance."

Vijay Thadani, Vice-Chairman and Managing Director of NIIT aptly summed up business sentiment when he said. "Business wants to put its best foot forward to work with governments and open doors."

Concerted effort required to get trade flowing for growth and jobs, ICC leaders say

Discussing strategic priorities for the international business community, ICC leaders called for a major push to ensure the potential benefits of the WTO's Trade Facilitation Agreement are realized. This agreement-concluded in 2013-has significant potential to boost global trade flows, up to an estimated US$1 trillion over time.

ICC Chairman Terry McGraw said: "The TFA has significant potential to support the recovery of global trade flows, by making it easier, quicker and less costly to export.

Ratifying the TFA must be the starting point for a concerted effort to promote trade as a driver of growth."

Comprising CEO's and business leaders from over 20 countries, executive board members discussed a core work programme for ICC for the coming three months focusing on four major summits - each of which is expected to have a major impact on business for years to come. Specifically, the 10th Ministerial meeting of the World

Trade Organization in Nairobi, the UN Sustainable Development Goals Summit in New York, the G20 leaders Summit in Antalya and the landmark Climate Conference, COP21, in Paris.

The TFA has significant potential to support the recovery of global trade flows, by making it easier, quicker and less costly to export. Ratifying the TFA must be the starting point for a concerted effort to promote trade as a driver of growth.

The TFA tops a list of four priorities set out by the Business-20 International Business Advisory Council (IBAC), established under this year's Turkish presidency. The Executive Board endorsed the IBAC priorities that also include financing for small- and medium-sized enterprises, youth and women's engagement in the labour force and infrastructure investment.



Terry McGraw, who led the meeting said: "We as businesses can't generate jobs and growth without government support. As the voice of business with representation in over 130 countries we are ready to do all we can in the weeks ahead to promote the G20 agenda for growth, jobs and opportunity."

ICC Executive Board members met in Delhi on the eve of the 2015 India Economic Convention. Co-hosted by ICC and the India Foundation, the convention reviewed the progress of reforms spearheaded by Indian Prime Minister Narendra Modi to make India a leading centre for global business.

ICC Chairman Terry McGraw (McGraw Hill Financial) and ICC Vice-Chair Sunil Bharti Mittal (Bharti Enterprises) joined by a number of senior Indian ministers and international business leaders.

ICC Banking Commission Global Survey highlights impact of trade finance gap on SMEs

The International Chamber of Commerce (ICC) Banking Commission has released the results from its 2015 Global Survey on trade finance – highlighting the impact of the trade finance gap on SMEs, the impact of regulation on correspondent banking, as well as positive trade finance trends, particularly with regards to export finance.

ICC Global Survey 201 Cover

Small and Medium-sized Enterprises (SMEs) are among the hardest-hit by the trade finance gap, reports the Global Survey on trade finance, released on September 29 by the International Chamber of Commerce (ICC) Banking Commission. The Survey received 482 responses from 112 countries around the world and showed that SMEs account for nearly 53% of all rejected trade finance transactions. By contrast, 79% of the trade finance transactions for larger corporates are accepted.

Certainly, the trade finance gap is highlighted throughout the Survey - citing compliance as a chief barrier to trade finance. Nearly 46% of the banks surveyed terminated correspondent relationships due to the cost or complexity of compliance, while 70% of respondents reported declining transactions due to AML/KYC requirements. Furthermore, the percentage of respondents citing anti-financial crimes compliance requirements as a significant impediment to trade finance has increased from 69% last year, to 80% in this year's Survey. This trend is expected to continue, as nearly all (93%) of respondents expect compliance requirements to increase during 2015.

"The Global Survey works as a snapshot of market trends - allowing us to compare progress from previous years and gauge global expectations," said Vincent O'Brien, Chair of the ICC Banking Commission Market Intelligence. "This year that snapshot has highlighted the severity of the trade finance gap - which continues to be impacted by regulation, despite the low-risk nature of trade finance - and particularly its impact on SMEs. This is crucial given SMEs constitute over 95% of all firms and account for approximately 60% of employment worldwide."

That said, the results from the Survey also show some positive trends in trade finance. Around 63% of respondents reported an increase in overall trade finance activity, with 61% of banks stating they have increased their capacity to meet trade finance. What's more, 25% of respondents to the Global Survey on trade finance consider trade instruments supporting trade as involving more than 75% less inherent risk than conventional lending.

The Global Survey works as a snapshot of market trends - allowing us to compare progress from previous years and gauge global expectations. The results from the Global Survey also reflected positively on export finance, with 79% of respondents in the industry claiming it remains a profitable business. The industry also observed a significant decrease in pricing, and even more so, fees in 2014.

"While the trade finance industry is certainly facing challenges, and the trade finance gap is a clear issue, the results from the Global Survey on trade finance show that it is

not all doom and gloom," added O'Brien. "The financial landscape is recognizing the importance of trade and, in addition to banks stating they have increased capacity to meet trade finance, we have an array of alternative lenders - such as specialist financiers, export credit agencies, and multilateral development banks - stepping up to fill the trade finance gap."

Daniel Schmand, Chair, ICC Banking Commission said: "New players can prove their worth by addressing the shortfall of trade finance; new or alternative financiers may support trade in areas where banks are restricted by risk appetites, regulatory burdens or stakeholder concerns."

New ICC Dispute Board Rules emphasizing dispute avoidance enter into force on 1 October

Dispute boards are independent bodies designed to avoid and resolve disagreements between parties as they arise during the performance of an often long-term or mid-term contract. The event is open to anyone wishing to learn about or likely to use the ICC Dispute Board Rules, in particular, corporate counsel, and corporate managers, practicing lawyers, dispute resolution specialists and academics interested in ADR.

The new ICC Dispute Board Rules increase the emphasis on dispute avoidance. In fact one of the most valuable functions of a dispute board is to help the parties to avoid disputes, either by encouraging them to do so on their own or by providing them with informal assistance.

Peter Wolrich, Partner, Curtis, Mallet-Prevost, Colt and Mosle LLP; Co-Chair of Curtis' Arbitration Practice and Chairman of the ICC Task Force revising the Rules, highlighted the importance of the new Rules, stating: "The new ICC Dispute Board Rules increase the emphasis on dispute avoidance.

The replacement of current Rules dating from 2004 follows three years of revision undertaken by the ICC Commission on Arbitration and ADR that started in 2012 and received broad input from the international dispute board community, including from the International Federation of Consulting Engineers (FIDIC) and members of other Dispute Resolution Board Associations.



The new Rules stress three distinct services of dispute boards: (1) Avoidance of Disagreements, (2) Informal Assistance with Disagreements and (3) Formal Referral for a Conclusion. In the revised Rules, all three functions are listed under a single heading entitled 'The Three Services Provided by the Dispute Board'. The new Rules put particular emphasis on dispute avoidance with Article 16 providing, inter alia , that at any time a dispute board believes that a potential disagreement may be arising between the parties, the dispute board may raise the matter with the parties and encourage them to try to avoid the disagreement on their own without any further involvement of the dispute board.

Although the Rules cannot bind Arbitral Tribunals or State Courts, they are binding on the parties who have agreed to them in their underlying contract. Therefore, proposed language has been added to strengthen the obligations of the parties. Other changes concern the power of dispute boards to decide on provisional measures and an added service offered by ICC regarding the decision on the fees of the dispute board members. Like the previous Rules, the new ICC Dispute Board Rules allow the parties to choose a Dispute Resolution Board (DRB), a Dispute Adjudication Board (DAB) or a Combined Dispute Board (CDB).

The ICC services under the new ICC Dispute Board Rules are administered by the ICC International Centre for ADR. Such services include, upon request of the parties, appointment of Dispute Board members, dealing with a challenge raised against Dispute Board members, fixing their fees and review of a DAB or a CDB decisions.

ICC launches Global Export Finance Committee

The International Chamber of Commerce (ICC) launched on September 07 the "ICC Global Export Finance Committee" – an export finance working group, chaired by Eric de Jonge, Global Head of Structured Export Finance at ING Bank. The launch event of the Committee takes place in Barcelona, Spain, and is supported by many leading banks across the export finance industry. Operating under the umbrella of the ICC Banking Commission, the committee is the first step towards building a real global export finance community - representing medium- and long-term (MLT) export finance banks.

The Global Export Finance Committee has three key objectives:

1. To create a credible standing global discussion forum of banking experts in MLT export financing,

2. To create a representative body to discuss industry matters with various stakeholders,

3. To advocate for and help develop improvements and efficiencies through the standardization and harmonization of processes and regulations.

The Global Export Finance Committee aims to not only act as a discussion forum and a body to exchange information and views on export finance but also to enable improvements and increase the efficiency of the processes and regulations governing the export financing industry as a whole.

Although the export financing industry as a whole is relatively small, it serves an important purpose for OECD governments as well as governments in emerging markets - enabling and facilitating international trade and economic activity. Indeed, governments in many countries are exploring how they can more efficiently support exports, investments and trade.

Not only has the industry observed changes in regulatory requirements such as Capital Requirements Regulation (CRR) and Basel III, it also faces changes in the value chain concerning Export Credit Agencies (ECAs).

These developments, together with the involvement of the capital markets, mean it is necessary for banks active across the industry to reach a common approach.

ICC has already made a first step towards reaching a common approach through the inclusion of MLT trade and export finance products in the influential ICC Trade Register Report. The dedicated Trade Register working group has successfully evolved into a platform of active banks that are responsible for ECAs, and that supports transaction data gathering.

While the Trade Register working group focuses primarily on data gathering, there are many more topics relevant to the export finance industry.

Cooperation with ECAs, advocacy before governmental and regulatory bodies, standardization, and harmonization, as well as the exchange of views and data to the extent allowed under anti-competition laws, are just a few of the areas that can be explored further by the ICC Global Export Finance Committee.

International business leaders and CEOs gather in Ankara to deliver business priorities to the G20

More than 1,400 business leaders and CEOs from 65 countries gathered in Ankara for the 2015 Business-20 (B20) Conference from 3rd to Saturday 5th of September. The three-day event marked the completion of the development of this year's B20 recommendations and provided an opportunity for the business community to share



business priorities with Turkish President Erdoğan for further transmission to the G20 ahead of the Leaders' Summit in Antalya in November.

During his opening remarks President Erdoğan thanked B20 Turkey Chair Mr Rifat Hisarcıklıoğlu-who also serves on the International Chamber of Commerce (ICC) Executive Board Member-for hosting an effective B20 process. In accepting this years' priority list of B20 recommendations he said, "The B20 is the most inclusive of all G20 engagement groups and the regional consultations and events organized by B20 Turkey have made the B20 the most important business platform in the world," said President Erdoğan. "Turkey will support the B20 recommendations at the G20 Summit in November".

ICC Chairman Terry McGraw led a delegation of members of the ICC G20 Advisory Group to Ankara for discussions with business and government representatives. ICC Leadership actively participated in the conference, with Mr McGraw, ICC Secretary General John Danilovich and ICC G20 CEO Advisory Group Chairman, and Chairman of SEB, Marcus Wallenberg Chairman delivering business priorities to the opening plenary sessions.

Addressing the G20's past performance and growing demands for global governance, Mr Wallenberg suggested that the G20 focus its attention on implementation of previously agreed reforms and commitments before introducing new areas of work.

The B20 is the most inclusive of all G20 engagement groups and the regional consultations and events organized by B20 Turkey have made the B20 the most important business platform in the world.

"The G20 should focus on harnessing its political capital on dealing with persistent global problems which cannot be resolved elsewhere. But we also need specific, tangible, and realistic outcomes. So, as the Turkish Presidency has rightly emphasized, the G20 also needs to focus on implementing previously agreed recommendations," he said.

To illustrate his point Mr Wallenberg highlighted the ICC G20 Business Scorecard as a tool to monitor the G20's performance on implementing B20 recommendations.

A highlight of the B20 Conference was the official introduction of the World SME Forum (WSF) as a mechanism for implementing the many SME recommendations developed under B20 Turkey.

The WSF is a new global platform co-founded by ICC and the Union of Chambers and Commodity Exchanges of Turkey (TOBB) to amplify the voice of SMEs and unlock their potential to stabilize the economy and stimulate economic growth, trade and employment.

The WSF is one of the Turkish government's top priorities this year and was highlighted throughout the Conference. "I am proud that we have launched the World SME Forum in Istanbul with the International Chamber of Commerce and we are grateful for their cooperation", said Turkish Prime Minister Ahmet Davutoğlu during his keynote address.

The second day of the Conference was organized around several parallel sessions focused on the six B20 Turkey taskforces and other international business priorities. Members of the ICC G20 CEO Advisory Group were among the leading speakers in many of the issue specific policy sessions, including Trade, Infrastructure, Employment, Financing Growth, Energy and Bio-economy.

IBAC meeting

Muhtar Kent, Chairman and CEO of the Coca Cola Company, chaired the second meeting of the B20 International Business Advisory Council (IBAC) on 4 September. ICC Secretary General John Danilovich, invited to serve as IBAC Secretariat, reaffirmed ICC's commitment to lead the B20 advocacy efforts. Mr Danilovich introduced an advocacy plan that will focus on conveying B20 priorities to G20 leaders in the run up to the Summit in Antalya.

A number of ICC G20 CEO Advisory group members were present for the meeting, including Harold McGraw III, Chairman Emeritus, McGraw Hill Financial and ICC Chairman, Marcus Wallenberg, Chairman, SEB, Michael Smith, CEO of Australia New Zealand Bank, Arturo Gonzalo, Corporate Director of Institutional Relations, Repsol, Alexander Shokhin, President, Russian Union of Industrialists and Entrepreneurs (RSPP), Jamal Malaikah, President and CEO, NATPET, Paul Bulcke, CEO, Nestlé and Yogendra Kumar Modi, Chairman and CEO, Great Eastern Energy Corporation.

ICC's G20 CEO Advisory Group mobilizes worldwide policy-making expertise and solicits priorities and recommendations from companies and business organizations of all sizes and in all regions of the world.

The group is composed of some 40 CEOs and business leaders working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit.

With over 21 panel sessions and 123 speakers, the Ankara conference was the largest business gathering in the B20's 6-year history.

More effort required to open economies to global trade, according to ICC Open Markets Index

Despite repeated pledges to enable trade as a driver of growth and job creation, G20 economies are failing to demonstrate global leadership on trade openness according to the ICC Open Markets Index 2015 (OMI) published on September 3.



The report - commissioned by the International Chamber of Commerce (ICC) - shows that G20 nations rank below the global standard in terms of openness to trade, with only Germany placing among the world's top 20 open markets. Singapore and Hong Kong head the 2015 rankings for the third successive edition of the report, far outstripping major economies such as the United States in terms of trade openness.

The Index scores 75 countries on a scale of one to six on four key factors: observed trade openness, trade policy, openness to foreign direct investment and trade-enabling infrastructure. In doing so, the Index also monitors government follow through on longstanding G20 commitments to boost global trade flows, including pledges made at last year's leaders' Summit in Brisbane, Australia.

Scoring the G20 - room for improvement

The latest edition of the Index reveals that 16 of the G20 economies score only average or below average in terms of their overall openness to trade. The two lowest-scoring G20 economies are Brazil and India- though both economies have seen an increase in their score from last year.

Commenting on the launch of the report, ICC Secretary General John Danilovich said: "As world leaders look for new engines of growth in the current economic environment, the OMI data shows that there is still substantial scope for G20 leaders to

take action to boost global trade. Rolling back protectionism and implementing reforms to facilitate trade flows should be cornerstones of a revitalized G20 agenda to promote renewed growth and stability in the global economy."

Other findings

The latest edition of the Index, launched as business and government leaders gather in Ankara today at the Business-20 Summit, reveals that:

- the average score across the 75 countries ranked has increased incrementally from a score of 3.5 in 2011 to 3.6 in 2013 and to 3.7 in 2015.
- the European Union is outperforming the United States in terms of trade openness.
- only two economies ranked as ' excellent' in terms of overall openness (scoring above 5.0), specifically Hong Kong and Singapore.
- the lowest ranking economies (scoring below 2.0), were Pakistan, Bangladesh, Ethiopia and Sudan.
- there is an upward trend in "trade policy" scores throughout the Index, but implementing the World Trade Organization's Trade Facilitation Agreement (TFA) could provide a significant further boost.

We are calling on the G20 to commit to a package of reforms to enable trade as a driver of growth jobs and opportunity. That should start with a clear commitment to ratify and implement the WTO's agreement on trade facilitation before the year is out

Commenting on the outlook for global trade, John Danilovich said: "In the past few weeks we have seen data suggesting that trade flows dropped in the second quarter of this year. This is a worrying trend and one that requires urgent international attention."

Mr Danilovich added: "We are calling on the G20 to commit to a package of reforms to enable trade as a driver of growth jobs and opportunity. That should start with a clear commitment to ratify and implement the WTO's agreement on trade facilitation before the year is out."

According to an ICC commissioned study by the Peterson Institute-as part of ICC's World Trade Agenda initiative-a simple package of trade reforms could generate export gains over the medium term in excess of US$2 trillion, creating some 34 million jobs in the process.

ICC calls for harmonized non-preferential Rules of Origin

Negotiations on the WTO Agreement on Rules of Origin have been at an impasse for over a decade, triggering a proliferation of unilateral non-preferential rules and creating severe administrative burdens and costs for companies, especially small- and medium-sized enterprises (SMEs).

Rules of origin are the criteria used to define where a product was made and are an important component of trade rules. Non-preferential rules of origin define the origin of a good for commercial purposes only with regard to such matters as Most Favoured Nation treatment, trade statistics and import quotas. ICC warns that the increasing proliferation of such regulations for commercial policy purposes will lead to trade distortion and increased confusion for manufacturers, importers and exporters alike due to competing non-preferential origin regimes. In a recently released statement, ICC has called for a standstill in the implementation of new country-specific rules of origin and for mutual recognition of non-preferential rules of origin for commercial purposes until the WTO Agreement is ratified.



Until ratification of WTO rules, the ICC statement recommends that non-preferential rules of origin implemented in the country of manufacture should be accepted by the country of import ("mutual recognition") and that the origin of a good should be determined only once - regardless of how many countries it is exported to.

While acknowledging that it might be challenging for Customs administration to familiarize themselves with foreign rules of origin, ICC underlines that cooperation with Customs can be organized much more easily compared to the cost of implementing numerous different rules of origin regimes by countless enterprises. ICC calls on governments to ratify and honour the provisions of the World Customs Organization's Revised Kyoto Convention Specific Annex K on definitions, principles, standards and recommended practices with regard to origin.

Vice-chairs Curado and Nally begin ICC leadership terms



The International Chamber of Commerce (ICC) is pleased to announce the appointment of Frederico Curado, President and Chief Executive Officer of Embraer, and Dennis Nally, Chairman of PricewaterhouseCoopers International (PwC) as ICC Vice-Chairs.

Messieurs Curado and Nally officially took up their positions on 1 July and join ICC Vice-Chair Sunil Mittal following governance changes approved by the ICC World Council last month, which took the number of vice-chairs from one to three.

Frederico Fleury Curado has been President and Chief Executive Office of Embraer - the world's largest manufacturer of commercial jets of up to 120 seats and one of Brazil's leading exporters - since April 2007. A qualified Mechanical Aeronautical Engineering, Mr Curado has been awarded the Medal for Aeronautical Merit by the Brazilian Government and the Medal for Merit by the Brazilian Association of Military Engineering.

Mr. Nally has served as Chairman of PwC since 2009. He is an expert on issues affecting the global capital markets and the professional services profession, and also leads many of PwC's corporate responsibility efforts. He also serves as Vice Chair of the US Council for International Business.

As a result of governance changes, which included an extension to the serving terms of the ICC Chairmanship, current ICC Chairman Terry McGraw will now serve until 2016.

The ICC World Council meeting also saw five new appointments to the ICC Executive Board. They were: John Denton (Corrs Chambers Westgarth); Daniel Feffer (Suzano); Robert Gutsche (KPMG); Mari Pangestu (former Trade Minister of Indonesia); Yassin Saeed Al Suroor (Al Suroor United Group).

ICC appoints new Co-Chairs for the Cartels & Leniency Task Force

The International Chamber of Commerce (ICC) is pleased to announce the appointment of Luciano Di Via, Head of the Antitrust practice of Clifford Chance Italy and Marcin Trepka, Co-Head of the Antitrust, Competition and Trade Regulation practice of K&L Gates Poland as new Co-Chairs of the ICC Cartels and Leniency Task Force.

ICC appoints new Co-Chairs for the Cartels & Leniency Task Force 2

Before joining Clifford Chance in 2013, Luciano Di Via was Partner at Bonelli Erede Pappalardo in Brussels and Rome. He spent 10 years at the Italian Competition Authority (ICA), during two of which he was the ICA's seconded national expert at the European Commission's Directorate General of Competition. Mr Di Via represents the ICA at the International Competition Network (ICN) Cartel Working Group as a Non-Governmental Advisor. He has also been a member of the ICC Commission on Competition since 2007.

ICC appoints new Co-Chairs for the Cartels & Leniency Task Force 1

Marcin Trepka specializes in Polish and EU competition law including restrictive agreements, abuse of dominant market position by large network companies, merger control and state aid.



He gained significant experience by assisting clients in a number of prominent antitrust cases, including the biggest cartel investigations ever conducted against the cement industry in Poland. Mr Trepka has served as Vice-Chair of the Competition Committee of ICC Poland since 2013.

The key mission of the ICC Task Force on Cartels and Leniency is to be a prominent voice in the debate on cartels and leniency issues globally.

The ICC Commission on Competition gathers over 300 experts on competition law, including legal advisors from industrial and commercial enterprises and lawyers in private practice from 40 countries. The commission identifies key issues in competition policy facing the international business community and contributes the business voice to debates to resolve these. The ICC Commission on Competition currently has several task forces working on specific issues, including compliance and advocacy, merger control regimes, due process, private enforcement in the EU, technology transfer, and cartels and leniency.

WTO News

Falling import demand, lower commodity prices push down trade growth prospects

WTO economists have lowered their forecast for world trade growth in 2015 to 2.8%, from the 3.3% forecast made in April, and reduced their estimate for 2016 to 3.9% from 4.0%.

Main Points

- World merchandise trade volume is expected to rise 2.8% in 2015, down from the previous estimate of 3.3%, as slowing import demand in China, Brazil and other emerging economies reduces exports of trading partners.
- Trade growth in 2016 should pick up to 3.9%, down slightly from the last estimate of 4.0%, and still below the average for the last 20 years (1995-2015) of 5%.
- Risks to the forecast are firmly on the downside, the most prominent being a further slowing of economic activity in developing economies and financial instability stemming from eventual interest rate rises in the United States.
- Asian export and import growth for 2015 has been revised down as slower growth in Chinese imports has reduced intra-regional trade.
- South American imports have also been revised down sharply but the region's export volume growth should remain positive in 2015 and 2016.

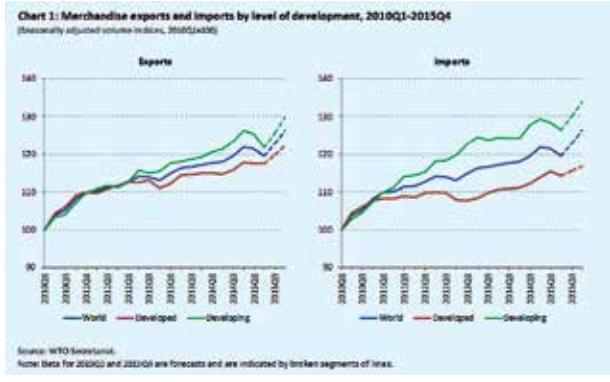
These revisions reflect a number of factors that weighed on the global economy in the first half of 2015, including falling import demand in China, Brazil and other emerging economies; falling prices for oil and other primary commodities; and significant exchange rate fluctuations.

Volatility in financial markets, uncertainty over the changing stance of monetary policy in the United States and mixed recent economic data have clouded the outlook for the world economy and trade in the second half of the year and beyond.

If current projections are realised, 2015 will mark the fourth consecutive year in which annual trade growth has fallen below 3 per cent and the fourth year where trade has grown at roughly the same rate as world GDP, rather than twice as fast, as was the case in the 1990s and early 2000s.

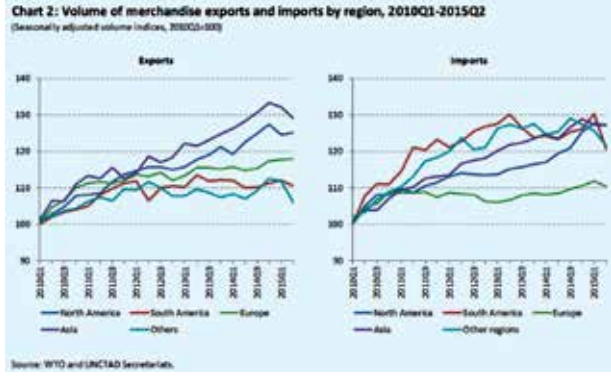
Global output is still expanding at a moderate pace but risks to the world economy are increasingly on the downside. These include a sharper-than-expected slowdown in emerging and developing economies, the possibility of destabilizing financial flows from an eventual interest rate rise by the US Federal Reserve, and unanticipated costs associated with the migration crisis in Europe.

At the time of our last forecast in April 2015, world trade and output appeared to be strengthening based on available data through 2014Q4. However, results for the first half of 2015 were below expectations as quarterly growth turned negative, averaging -0.7% in Q1 and Q2. Recent trade developments are illustrated in Chart 1, which shows seasonally-adjusted, quarterly merchandise trade indices in volume terms (i.e. adjusted to account for fluctuations in prices and exchange rates) by level of development.1 Despite the quarterly declines in the first half of 2015, year-on-year growth in trade for the year to date remains positive at 2.3%.



Quarterly export growth of developed economies was essentially flat in the first two quarters of 2015 (-0.2% on average in Q1 and Q2), but those of developing countries were more negative (-1.9%). The drop in exports was driven by weaker developing countries' imports (-2.2%) and stagnation in developed countries' imports (+0.1%).

Trade growth remains uneven across countries and regions as illustrated by Chart 2, which shows WTO merchandise trade volume indices by geographical region. After a



long period of stagnation, Europe recorded the fastest year-on-year export growth of any region in Q2 at 2.7%, followed by North America (2.1%), Asia (0.6%), South and Central America (0.4%) and Other Regions (-1.0%, including Africa, the Commonwealth of Independent States and the Middle East). Disparities between regional growth rates was stronger on the import side than on the export side, with positive growth of 6.5% in North America, 3.1% in Asia and 1.6% in Europe, and declines of 2.3% in South and Central America and 3.1% in Other Regions.

Table 1 shows revised trade projections for 2015 and 2016, which depend on consensus estimates of world real GDP growth at market exchange rates.2 The WTO now expects world merchandise trade volume as measured by the average of exports and imports to grow 2.8% in 2015 and 3.9% in 2016. On the export side, shipments from developed economies should rise 3.0% this year and 3.9% next year. Developing economies' exports are expected to grow more slowly at 2.4% in 2015 and 3.8% in 2016. Imports of developed economies should increase at around the same rate in 2015 (3.1%) and in 2016 (3.2%), while those of developing economies pick up from 2.5% this year to 5.2% next year.

The strongest downward revision to the previous export forecast for 2015 was applied to Asia, where our estimate was lowered to 3.1% from 5.0% in April. This is mostly due to falling intra-regional trade as China's economy has slowed. The downward revision to Asia on the import side was even stronger, from 5.1% to 2.6%, partly due to lower Chinese imports which were down 2.2% year-on-year in Q2 (non-seasonally adjusted data). The product composition of China's merchandise imports suggests that some of the slowdown may be related to the country's ongoing transition from investment to consumption led growth. Large year-on-year drops in quantities of imported machinery (-9%) and metals (iron and steel -10%, copper -6%) were recorded in customs statistics for August, while strong increases were recorded for agricultural products including cereal grains (+130%) and oilseeds (+33%).

Another noteworthy revision relates to the import forecast for South and Central America in 2015, which was lowered to -5.6% from -0.5% in April. Much of this reduction can be attributed to adverse economic developments in Brazil, which has been simultaneously hit by a fiscal crisis, a financial scandal involving the country's largest company, and falling export prices. Brazil's merchandise imports in Q2 were down 13% year-on-year compared to the same period in 2014. A rebound in imports of South and Central America is expected in 2016 as Brazil's GDP growth stabilizes and its imports start to recover. Other countries in the region should also see imports accelerate as their economies pick up next year. The size of the rebound in 2016 is also partly explained by the fact that future growth will be proceeding from a lower base following the steep decline in 2015.

If the slowdown in emerging markets worsens the revised forecasts in Table 1 could still prove to be overly optimistic. In particular, a slower rebound from recent declines in developing economies' imports could shave half a percentage point off of global trade growth in 2015.

Finally, nominal merchandise trade statistics sometimes provide a better

Table 1: Merchandise trade volume and real GDP, 2011-2016 [a]

Annual % change

	2011	2012	2013	2014	2015P	2016P
Volume of world merchandise trade	5.3	2.2	2.5	2.5	2.8	3.9
Exports						
Developed economies	5.1	1.1	2.2	2.0	3.0	3.9
Developing economies	5.9	3.7	3.8	3.1	2.4	3.8
North America	6.6	4.4	2.7	4.2	4.4	3.9
South and Central America	6.4	0.9	1.9	-1.3	0.5	3.1
Europe	5.5	0.8	2.4	1.6	2.8	3.7
Asia	6.4	2.7	5.0	4.7	3.1	5.4
Other regions [b]	2.3	3.9	0.7	-0.4	0.5	0.5
Imports						
Developed economies	3.4	0.0	-0.1	2.9	3.1	3.2
Developing economies	7.7	4.9	5.2	1.8	2.5	5.2
North America	4.3	3.2	1.2	4.6	6.4	5.2
South and Central America	12.1	2.3	3.4	-2.4	-5.6	5.7
Europe	3.2	-1.8	-0.2	2.3	3.2	3.4
Asia	6.5	3.7	4.8	3.4	2.6	4.3
Other regions [b]	7.8	9.9	4.1	-1.4	-1.5	0.5
Real GDP at market exchange rates (2005)	2.8	2.3	2.3	2.5	2.5	2.8
Developed economies	1.5	1.1	1.3	1.6	1.9	2.1
Developing economies	5.9	4.6	4.5	4.2	3.5	4.2
North America	1.9	2.4	2.1	2.4	2.5	2.7
South and Central America	5.1	2.8	3.3	1.0	-1.1	0.4
Europe	2.0	-0.2	0.4	1.3	1.8	1.9
Asia	4.2	4.4	4.5	4.0	4.0	4.2
Other regions [b]	4.1	3.7	2.6	2.6	1.4	2.9

a Figures for 2015 and 2016 are projections.
b Other regions comprise the Africa, Commonwealth of Independent States and Middle East.
Sources: WTO Secretariat for trade, concensus estimates for GDP.

indication of current trade trends than statistics in volume terms since the former are generally timelier. These are illustrated by Charts 3 and 4. However, trade statistics in dollar terms are highly sensitive to fluctuations in prices and exchange rates and should be interpreted with caution.

Trade values in dollar terms have declined in most countries since last year and were down roughly 12% year-on-year in July at the world level. This is partly the result of a strong general appreciation of the US dollar over this period (+15% in nominal effective terms against major currencies according to the Bank for International Settlements).

As Chart 3 shows, there is generally an inverse relationship between world trade values in current dollar terms and the value of the US currency. For example, Germany's exports and imports were both down 14% year on year in dollar terms in July, but they were up 6% in euro terms.

WTO members consider four regional trade agreements, note importance of prompt submissions

The Committee on Regional Trade Agreements, on 25 September, concluded its oral consideration of four trade agreements covering goods and services and discussed the continued backlog in the Committee's work due to delayed submissions from WTO members.

The four regional trade agreements considered were: the Framework Agreement on Comprehensive Economic Co-operation between the Association of Southeast Asian Nations (ASEAN) and China (Services); the Free Trade Agreement between Switzerland and China (Goods and Services); the Free Trade Agreement between Hong Kong, China and Chile (Goods and Services); and the Free Trade Agreement between the United States and Colombia (Goods and Services).

Consideration of these agreements is based on a factual presentation prepared by the WTO Secretariat as well as written questions by WTO members and written responses from the parties in advance of the meeting.

The Chair, Ambassador Amr Ramadan (Egypt), gave a status report on the Committee's work, including early announcements of negotiations by WTO members, notifications of regional trade agreements (RTAs) from members and reports on implementation. He noted continued delays in the notifications as well as in the completion of factual presentations due to pending input from the parties involved. As of 14 September, 75 RTAs had been covered in factual presentations but had not yet been notified to the WTO.

The Secretariat also reported on the status of the preparation of factual presentations of RTAs, several of which have been delayed past the one-year timetable due to pending input from parties. Members discussed the list of non-notified agreements and delays in the provision of data and comments to factual presentations, noting both the importance of transparency as well as resource constraints faced by members.

Despite these constraints, they acknowledged the importance of meeting their obligations under the Transparency Mechanism and remained open to further discussion on reducing the backlog of RTAs to be considered by the Committee.

The next Committee meeting will be held on 16-17 November.

WTO announces winners of 2015 Essay Award for Young Economists

The winners of the 7th WTO Essay Award for Young Economists are Christoph Boehm, Aaron Flaaen and Nitya Pandalai-Nayar. Their joint paper entitled "Input Linkages and the Transmission of Shocks: Firm-Level Evidence from the 2011 Tohoku Earthquake" was ranked first by the Selection Panel. The winners will share the prize of CHF 5,000.

The WTO prize winners were announced on 10 September 2015 at the annual meeting of the European Trade Study Group in Paris. The paper by Christoph Boehm, Aaron Flaaen and Nitya Pandalai-Nayar studies the role that global supply chains play in the cross-country transmission of shocks. Looking at the consequences of the 2011 Tohoku earthquake, the paper finds that US firms most reliant on Japanese imported inputs (Japanese affiliates) suffered large drops in US output in the months following the shock, roughly one-for-one with the drop in imports.

The effects are large because these firms largely engaged in intra-firm input trade, where inputs embody firm-specific knowledge and capabilities that cannot easily be substituted with other inputs or suppliers.

In the judgment of the Selection Panel, this paper "contributes importantly to our understanding of the way shocks are propagated through the modern global economy.

Its findings are striking, but convincing and have important implications not only for trade and FDI, but also for international macro." Understanding cross-country propagation mechanisms is key to assessing the impact of trade policy changes and the context in

which WTO rules and disciplines apply.

Christoph Boehm is from Germany. He studied Business Management and Engineering at Dresden University of Technology and holds an MA in Economics from the University of Michigan and from Tufts University. He is a Ph.D. candidate in economics at the University of Michigan (expected 2016).

Aaron Flaaen is from the United States. He studied Economics and International Business at the University of South Carolina and holds an MA and PhD in Economics from the University of Michigan. He is currently an economist at the Federal Reserve Board of Governors in Washington D.C..

Nitya Pandalai-Nayar is from India. She studied Mathematics and Economics at Wellesley College and holds a M.Sc. in Economics from the London School of Economics. She is a Ph.D. candidate in economics at the University of Michigan (expected 2016).

The Academic Selection Panel comprised Dr Avinash Dixit (Emeritus Professor of Economics, Princeton University), Dr Robert Koopman (Director, Economic Research and Statistics Division, WTO), Dr Robert Staiger (Professor of Economics, Dartmouth College), and Dr Alberto Trejos (Professor of Economics, INCAE Business School). Dr Roberta Piermartini (Counsellor, Economic Research and Statistics Division, WTO) coordinated the work of the panel.

WTO members reach landmark $1.3 trillion IT trade deal

WTO members representing major exporters of information technology products agreed on 24 July to eliminate tariffs on more than 200 such products.

In a meeting this afternoon at the WTO headquarters in Geneva, a tentative accord reached by 54 WTO members on 18 July was confirmed as the basis for implementation work to begin. Ministers from the participating members will now work to conclude their implementation plans in time for the WTO's 10th Ministerial Conference which will be held in Nairobi this December.

"Today's agreement is a landmark," said WTO Director-General Roberto Azevêdo. "Annual trade in these 201 products is valued at over $1.3 trillion per year, and accounts for approximately 7% of total global trade today. This is larger than global trade in automotive products — or trade in textiles, clothing, iron and steel combined.

"Eliminating tariffs on trade of this magnitude will have a huge impact. It will support lower prices — including in many other sectors that use IT products as inputs — it will create jobs and it will help to boost GDP growth around the world. "This is the first major tariff-cutting deal at the WTO in 18 years. Coming so soon on the heels of the historic Bali Package which members agreed in 2013, it shows that the multilateral trading system can deliver. The WTO has now negotiated two deals in the space of two years which deliver real, economically significant results. I hope that this success will inspire members in other areas of our negotiations."

The Director-General added that no other negotiating forum could include so many countries. He pointed out, as well, that all 161 WTO members will benefit from this WTO agreement, as they will all enjoy duty-free market access in the markets of those members who are eliminating tariffs on these products.

The terms of the agreement will be formally circulated to the full membership at a meeting of the WTO General Council on 28 July.

Among the products covered in this agreement are new-generation semi-conductors, GPS navigation systems, medical products which include magnetic resonance imaging machines, machine tools for manufacturing printed circuits, telecommunications satellites and touch screens.

Under the terms of the agreement, the majority of tariffs will be eliminated on these products within three years, with reductions beginning in 2016. By the end of October 2015, each of the participating members will submit to the other participants a draft schedule which spells out how the terms of the agreement would be met. Participants will spend the coming months preparing and verifying these schedules.

The objective is to conclude this technical work in time for the Nairobi Ministerial Conference in December.

The agreement also contains a commitment to work to tackle non-tariff barriers in the IT sector, and to keep the list of products covered under review to determine whether further expansion may be needed to reflect future technological developments.

The agreement this month is an expansion of the 1996 Information Technology Agreement which involves 81 members. In 2012, members recognized that technological innovation had advanced to such an extent that many new categories of IT products were not covered by the existing agreement. Negotiations began in 2012 to expand the coverage of the accord.

About ICC Bangladesh

International Chamber of Commerce (ICC) - The world business organization was founded in 1919 by a few visionary business leaders of Europe immediately after the First World War; having its HQrs. in Paris.

ICC has been promoting Free Market Economy, formulating various rules and guidelines for cross border trade and investment. ICC's 6.5 million member companies in over 130 countries have interests spanning in every sector of private enterprise. ICC works in close cooperation with national governments and multi-national institutions such as G-8/G-20, World Bank, WTO, Asian Development Bank, UNCTAD, OECD and several UN agencies for promotion, protection and development of world economy.

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 following regional & international conferences.

- In 2000 a 2-day ICC Asia Conference on "Investment in Developing Countries: Increasing Opportunities" was organized in Dhaka, which was inaugurated by the Prime Minister of Bangladesh and attended by a number of high profile dignitaries including the Thai Deputy Prime Minister & Director General Designate of WTO, ADB President, Under Secretary General and Executive Secretary of UN-ESCAP and Chinese Vice Minister for Foreign Trade & Economic Cooperation. More than 250 participants from 24 countries participated in this event.
- A 2-day International Conference on "Global Economic Governance and Challenges of Multilateralism" was held in Dhaka in January, 2004 coinciding with 10th Anniversary of ICC Bangladesh. The Conference was inaugurated by the Prime Minister of Bangladesh and Thai Prime Minister was the Keynote Speaker. WTO Director General, EU Commissioner for Trade, UNESCAP Executive Secretary, Governor of Japan Bank for International Cooperation, six Ministers from three continents, Bangladesh Ministers, ICC Chairman, ICC Vice Chairman, ICC Secretary General and more than 500 participants from 38 countries attended 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 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 of Bangladesh and attended by ICC Global Chairman, Minister for Commerce of Bangladesh, Minister for Development Cooperation of Denmark and Adviser to the Bangladesh Prime Minister for Energy & Mineral Resources. 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.
- In 2014, ICCB organized an ICC International Conference on Global Economic Recovery: Asian Perspective, coinciding with the 20 years of ICC's presence in Bangladesh. The Conference was inaugurated by the President of Bangladesh H.E. Mr. Md. Abdul Hamid. Minister for Finance & Minister for Commerce of Bangladesh, UNCTAD Secretary General, Deputy Minister for Commerce of Myanmar; Commerce and Supplies Minister of Nepal; ICC Vice Chairman; ICC Secretary General; ICC Research Foundation Chairman; Director of National Committees and more than 500 participants attended this event. For the first time ICCB also organized a workshop in Kuala Lumpur on ICC Rules and Tools for International Trade Finance jointly with ICC Malaysia.
- In 2015, ICC Bangladesh organized a Workshop on International Trade Finance in Colombo jointly with ICC Sri Lanka; Seminar and Workshop on International Factoring for Foreign Trade in April in Dhaka jointly with Factors Chain International (FCI), Asian Development Bank (ADB) and Bangladesh Institute of Bank Management (BIBM); Workshop on Application of Rules for International Trade Finance jointly with MTBL in May and Seminar on Bangladesh- China Trade Finance: Role of Banks jointly with ICC China and China Council For The Promotion Of International Trade(CCPIT),Yunnan Sub-council in Kunming in August.

ICCB also organized : e-Learning programme on 'FIT Initiative' (Finance of International Trade) supported by ICC, Paris, eBSI of Ireland, International Finance Corporation (IFC) & Institute of Export, UK; Certificate for Documentary Credit Specialist (CDCS), Certified Specialist on Demand Guarantee (CSDG) and Certificate of International Trade Finance (CITF) Examinations conducted worldwide every year by ifs University College and 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 and HSBC Bangladesh have jointly launched "ICC Knowledge Centre" in 2014 develop professionals skill of the officials business houses.

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