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G-7 Summit 2016 : Commitment to Rejuvenate Global Economy!!

ICC BANGLADESH
The world business organization

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Editor's Note

G-7 Ise-Shima Summit adopted three pronged approach for economic growth

To ensure economic growth and resilience, G-7 leaders agreed to adopt a three pronged approach- the G7 Ise-Shima Economic Initiative - of fiscal, monetary and structural policies and to do more to address the global demand supply gap of infrastructure investment with emphasis on quality climate resistant infrastructure. They also warned of the economic consequences of the United Kingdom leaving the European Union.

G7 summit 2016 which concluded on May 27 focused on the global economy, foreign policy and the migration and refugee crisis. The G7 called for a global response to the crisis. Leaders committed to increase global assistance to meet the needs of refugees and their host communities. They called on financial institutions and bilateral donors to bolster their assistance. They also agreed to enhance legal channels for migration and encouraged the establishment of resettlement schemes.

The leaders opined the rise of violent extremism, terrorist attacks and other challenges, pose serious threat to the existing rule based international order, as well as to common values and principles for all humanity. It was recognized that much had been done to align global efforts to detect and defeat terrorism and that a lot more could be done to fight this global security threat and in this regard an Action Plan on Countering Terrorism and Violent Extremism was adopted.

"We stress the importance of continued co-operation with the private sector, civil society and communities and the "whole-of-society" approach." "We continue to work together to prevent the flow of foreign terrorist fighters and terrorism-related materials and equipment" the leaders said.

The leaders understood G7 has a special responsibility to lead international efforts to tackle these challenges. Furthermore, following the adoption of the 2030 Agenda for Sustainable Development (2030 Agenda) and the Paris Agreement on climate change last year, the G7 will further make efforts to implement their commitments, the leaders mentioned .

Traditionally, a number of third country heads of state and government, as well as chairpersons of international organizations, are invited to participate in parts of the summit. In Ise-Shima Summit Asian member states, the heads of state and government of Bangladesh, Indonesia, Laos, Papua New Guinea, Sri Lanka, and Vietnam were invited. In addition, the President of Chad – the current Chairperson of the African Union – and, from the international organizations, the chairpersons of the UN, OECD, ADB, IMF and the World Bank were invited.

Bangladesh played a significant role in the outreach meetings. Prime Minister Sheikh Hasina led the discussion on four important issues: Health, women empowerment, achieving sustainable development goals and cooperation in building advanced infrastructure. Bangladesh Prime Minister said at the meeting that the world will not face problems if the developed countries extend technological and financial help and cooperation to increase empowerment. She informed the global leaders about the socioeconomic development and economic progress of Bangladesh in the meeting.

The G7 Summit held in Asia after eight years, the G7 leaders together with outreach participants discussed quality infrastructure investment and open and stable seas under the theme of "Asian stability and prosperity." Additionally, as this is the first G7 Summit Meeting since the adoption of the " UN 2030 Agenda for Sustainable Development (2030 Agenda)," it also focused on health and active engagement of women and discussed promotion of Sustainable Development Goals (SDGs) and development in Africa.

On health, outreach participants agreed on the importance of strengthening the international community's capabilities to respond to public health emergencies including infectious diseases, promoting universal health coverage (UHC) that plays a key role in dealing with a wide range of health challenges and enhanced support for AMR. The G7 Summit released the G7 Ise-Shima Vision for Global Health in these areas.

The G7 leaders and outreach participants agreed on the importance of promoting quality infrastructure investments to strengthen regional connectivity with reliable infrastructure and further utilization of infrastructure through institutional improvements and personnel training. Outreach participants expressed their support for the G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment endorsed by the G7 leaders and the "Expanded Partnership for Quality Infrastructure" announced by Japan.

ICC Bangladesh News

International Trade Finance, ADR and Business Development Workshop held in Hanoi

International Chamber of Commerce (ICC) – Bangladesh, The world business organization organized jointly with the Vietnam Chamber of Commerce & Industry (VCCI) a 3-day Workshop on "International Trade Finance, ADR, Logistics and Business Development" in Hanoi, Vietnam on 21-23 April 2016.



ICC Bangladesh President Mahbubur Rahman delivering his inaugural speech

While inaugurating the workshop, ICC Bangladesh President Mahbubur Rahman said that Vietnam export to Bangladesh was around US$570 million, as against Bangladesh's export only around US$33 million in 2015.He hoped that the participants from Bangladesh and Vietnam attending the workshop will be able to interact among themselves and discuss about enhancing trade between the two countries.

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 and Specialized Economic Zones for various countries interested in Bangladesh, Mr. Rahman added. ICC Bangladesh President also referred to a recent poll carried out by Gallup, the Washington DC-based opinion pollster, where Bangladesh with 78 points has been mentioned as one of the safest countries of the world.

The report said Singapore with 89 points is the safest country in the world followed by Uzbekistan (88) and Hong Kong (87). So, there are enormous opportunities in Bangladesh for all investors including Vietnam. He also thanked VCCI Executive Vice President, Bangladesh Ambassador to Vietnam, VCCI Secretary General & Director General of Ministry of Foreign Affairs and all other guests for joining the inaugural ceremony and for their unqualified support and co-operation in organizing the ICC Workshop.

The inaugural session was also attended by Mr. Mahbub Jamil, former Advisor to the caretaker Government of Bangladesh & former President of Foreign Investors' Chamber of Commerce and Industry (FICCI); Mr. Aftab ul Islam, former President of Dhaka Chamber of Commerce and Industry (DCCI) and Immediate Past President of American Chamber of Commerce Bangladesh; Mr. Kutubuddin Ahmed, former President of Bangladesh Garments Manufacturers & Exporters Association (BGMEA) & former President Metropolitan Chamber of Commerce and Industry (MCCI), Mr. R. Maksud Khan, former

President DCCI and Mohammad Shahjahan Khan, former President DCCI;

VCCI Vice Chairman Mr. Hoang Quang Phong in his welcome address said that international payments and logistics services played critical roles in global economic integration to reduce the risk of international commerce. Of these the use of letter of credit (L/C) was the most prominent and widely applied for various sectors in global trade. Developing trade finance products and logistics service was of pressing importance now since bilateral trade between Vietnam and South Asian countries saw a drop last year.

Ambassador of Bangladesh to Vietnam H. E. Mr. Md. Shahab Ullah said that the two–way trade dropped from $758 million in 2014 to $600 million last year. Mentioning about large untapped potential, the Bangladesh Ambassador expected more Vietnamese firms to enter Bangladesh to seek business opportunities and the two countries would join hands to simplify the banking procedures for frequent trade facilitation.

Mr. Vu Quand Minh, Director of the Economic Department of the Vietnam Ministry of Foreign Affairs said that the trade framework must be improved to meet the co-operation between the two countries. Mr. Minh also said that with an advantageous sea line for logistics services, two-way trade between the two countries was expected to reach $1 billion this year.

Mr. Vincent O'Brien from Ireland, a highly experienced practitioner of International Trade Finance and a long standing member of the ICC Banking Commission Pairs was the main speaker at the Workshop.

The Workshop moderated by ICC Bangladesh Banking Commission Chairman and CEO of Bangladesh International Arbitration Centre (BIAC) Muhammad A. (Rumee) Ali said besides organizing workshop on the significant issues to strengthen the capacity of the bankers those who deal in international trade and as well the exporters, ICC Bangladesh arranges four regular professional training programmes: e-Learning programme on 'FIT Initiative' (Finance of International Trade) supported by ICC, Paris, eBSI (eBusiness School International, Ireland), International Finance Corporation (IFC) & Institute of Export, UK; Certified 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.

The Workshop was also addressed by Managing Director & CEO of Mutual Trust Bank Limited Anis A. Khan,; Economic Affairs Officer, UN-ESCAP Dr. Masato Abe, Mr. Qu. Pengcheng, Senior Advisor China and South East Asia, International Road Transport Union, Mr. Maxime De Guillebon, Head of Transaction Banking of Standard Chartered Bank, Hanoi, Mr. Phan Trong Dat, Deputy Secretary General of VIAC and Barrister Nabil Ahsan, Associate of AF Hassan Ariff & Associates. Some 77 bankers from 21 Banks including Bangladesh Bank and 20 commercial banks, officials from Energy Ministry, Petro Bangla, National Board of Revenue (NBR), Bangladesh Navy & Law Firm and 90 bankers and businesses of Vietnam attended the workshop. ICC Bangladesh General Manager Ajay Bihari Saha & Asstt. Manager Shakayet Hossain and BIAC Sr. Counsel Afrin Ahmed also attended the Event.

In the concluding session ICC Bangladesh Secretary General Ataur Rahman thanked VCCI President Dr. Vu Tien Loc, Secretary General Pham Thi Thu Hang and Mrs. Doan Thuy Nga of Enterprise Development Foundation of VCCI for their unqualified support and cooperation in organizing the ICC workshop and for making excellent arrangements for our convenient and benefits of our bankers and the delegates.



Guests and participants at the workshop

Inaugural address of ICC Bangladesh President Mahbubur Rahman

Bismillahir Rahmanir Rahim

H.E. Mr. Md. Shahab Ullah
Ambassador of Bangladesh to Vietnam
Mr. Hoang Quang Phong Dr. Vu Tien Loc
Vice Chairman of Vietnam Chamber of Commerce and Industry (VCCI)
Mr. Muhammad A. Rumee Ali
CEO, Bangladesh International Arbitration Centre and Chairman, ICC Bangladesh Banking Commission
Mr. Anis A. Khan, Chairman, Association of Bankers Bangladesh Limited (ABBL) and Managing Director & CEO Mutual Trust Bank Limited
Dr. Masato Abe, Trade & Investment Division, ESCAP
Mr. Vincent O' Brien-Expert in International trade Finance &
Member of the ICC Banking Commission Paris
Distinguished Guests, Dear participants
Ladies and Gentlemen,

Assalamu-Alaikum and a very good morning to each one of you.

I deem it a pleasure and a privilege for me to greet you all this morning at ICC Workshop on International Trade Finance, ADR, Logistics and Business Development jointly organized by Vietnam Chamber of Commerce & Industry, VCCI and International Chamber of Commerce-Bangladesh, The world business organization having its head quarters in Paris and spread over 130 countries around the world.

At this point, I would like to introduce to you gracious presence of my colleagues and business delegates from Bangladesh. Mr. Mahbub Jamil, former Advisor to the caretaker Government & former President of Foreign Investors' Chamber of Commerce and Industry (FICCI); Mr. Aftab ul Islam, former President of Dhaka Chamber of Commerce and Industry (DCCI) and Immediate Past President of American Chamber of Commerce Bangladesh; Mr. Kutubuddin Ahmed, former President of Bangladesh Garments Manufacturers & Exporters Association (BGMEA), the largest trade body in Bangladesh and for President Metropolitan Chamber of Commerce and Industry (MCCI); Mohammad Shahjahan Khan, former President DCCI; Mr. R. Maksud Khan, former President DCCI; Mr. Mohammad A. (Rumee) Ali, CEO BIAC and Chairman ICC Bangladesh Banking Commission and Mr. Anis A. Khan, Chairman, Association of Bankers Bangladesh Limited and Managing Director & CEO, Mutual Trust Bank Limited who have been actively supporting and coordinating overall activities of ICC Bangladesh and more importantly in the promotion and development of banking industry of the country.

Distinguished guests and participants,

During the past quarter century, Vietnam has emerged as one of Asia's great success stories. In a nation once ravaged by war, the economy has posted annual per capita growth of 5.3 percent since 1986—faster than any other Asian economy apart from China. Vietnam has benefited from a program of internal restructuring, a transition from the agricultural base to manufacturing and services, and a demographic dividend powered by a youthful population. Political and economic reforms (Đổi Mới) launched in 1986 have transformed the country from one of the poorest in the world, with per capita income around US $100, to middle income status within a quarter of a century with per capita income of around US$2,100 by the end of 2015.

The country has also prospered since joining the World Trade Organization, in 2007, normalizing trade relations with the United States and ensuring that the economy is consistently ranked as one of Asia's most attractive destinations for foreign investors.

Vietnam has boosted its international economic integration as it enters into more Free Trade Agreements with the Eurasian Economic Union, the European Union, South Korea and the Trans-Pacific Partnership. At the same time by joining with the ASEAN Economic Community created more opportunities for the country to integrate into regional and global economies.

Ladies and Gentlemen,

In 2015 Vietnam export to Bangladesh was around US$570 million, as against Bangladesh's export only around

US$33 million. The Hon'ble President of the People's Republic of Bangladesh Mr. Md. Abdul Hamid visited Vietnam in August 2015, during which it was agreed to increase the volume of annual bilateral trade between the two countries to US$1 billion by 2016. During the bilateral meeting between Bangladesh President Abdul Hamid and Vietnamese President Truong Tan Sang it was also agreed to remove all trade related barriers and establish physical connectivity for our mutual benefits. As a follow up of our Hon'ble President visit we are here today to help develop a framework to achieve the objectives of the Agreement.

Dear Participants and guests,

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 and Specialize Economic Zones for various countries interested in Bangladesh.

According to a recent poll carried out by Gallup, the Washington DC-based opinion pollster, Bangladesh is one of the safest countries in the world. The report said Singapore with 89 points is the safest country in the world followed by Uzbekistan (88) and Hong Kong (87). Bangladesh with 78 points is one of the safest countries of the world. It is closely followed by the USA and Australia with 77 points, added the report. So, there are enormous opportunities for all investors including Vietnam.

Ladies & Gentlemen,

Let me now say that there are as many as 88 bankers & professionals who have joined this workshop in order to exchange views , ideas & thoughts of international trade transactions with their Vietnamese Counter Parts as well as discuss delegates from Hanoi. At the same time, internationally acclaimed Experts in different discipline in the persons of Mr. Vincent O' Brien, a highly experienced practitioner of International Trade Finance and a long standing member of the ICC Banking Commission paris; Dr. Masato Abe, Economic Affairs Officer in the private sector and development section of ESCAP are going to share their wisdom & experience with you in order to help augment your knowledge that is increasingly being challenging with the time more importantly in this digital age.

I am pleased to point out here that in April 2014 & February 2015 ICC Bangladesh jointly with ICC Malaysia & ICC Sri Lanka organized a similar workshop which was attended by 90 Bangladeshi bankers and 60 Malaysian bankers & 116 Bangladeshi bankers 55 Sri Lankan bankers subsequently. In August 2015 ICC Bangladesh jointly with ICC China organized a Seminar in Kunming, China which was attended by 45 Bangladeshi bankers and 60 Chinese bankers. Also in November 2015 ICC Bangladesh jointly with Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and Myanmar Bank Association (MBA) organized similar workshop which was attended by more than 200 delegates including 74 bankers from Bangladesh, 16 bankers from Myanmar, 120 participants from Myanmar, Bangladesh, Bhutan, Cambodia, France, India, Lao PDR, Sri Lanka, USA, Hong Kong, Thailand, China, Indonesia, Singapore, Cambodia & the Philippines.

Dear Delegates,

Besides organizing workshop on the significant issues to strengthen the capacity of the bankers those who deal in international trade and as well the exporters, ICC Bangladesh arranges four regular professional training programmes: e-Learning programme on 'FIT Initiative' (Finance of International Trade) supported by ICC, Paris, eBSI (eBusiness School International, Ireland), International Finance Corporation (IFC) & Institute of Export, UK; Certified 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.

Before I conclude I would like to convey my special thanks to VCCI President Dr. Vu Tien Loc, Secretary General Pham Thi Thu Hang and Mrs. Doan Thuy Nga of Enterprise Development Foundation of VCCI for their unqualified support and cooperation in organizing this ICC workshop and for making excellent arrangements for our convenient and benefits of our bankers and the delegates.

With this few words I like to conclude.

Allah -Hafez.

Hanoi, Vietnam
21 April, 2016

Mahbubur Rahman
President
ICC Bangladesh

ICC Bangladesh Business Delegation visits Vietnam

ICC Bangladesh President Mahbubur Rahman led a Bangladesh Business Delegation to Vietnam which included ICC Bangladesh Executive Board Members R. Maksud Khan; Mahbub Jamil; Aftab ul Islam; Kutubuddin Ahmed; Former President of DCCI & Managing Director of S.S Shipping Ltd Mohammad Shahjahan Khan ICC Bangladesh Banking Commission Chairman and CEO of Bangladesh International Arbitration Centre (BIAC) Muhammad A. (Rumee) Ali; Managing Director & CEO of Mutual Trust Bank Limited Anis A. Khan; and ICCB Secretary General Ataur Rahman had meetings with Vietnam Chamber of Commerce and Industry (VCCI) and Ambassador of Bangladesh to Vietnam H. E. Mr. Md. Shahab Ullah.

The Bangladesh Business Delegation hold meeting with Vietnam Business Delegation led by Dr. Pham Thi Thu Hang, Secretary General of Vietnam Chamber of Commerce and Industry (VCCI) which was attended by Tran Huu Huynh, President of VIAC (Vietnam International Arbitration Centre); Pham Quang Thinh, Deputy Director of International Relations Division; Mr. Hoang Quang Phong, Vice President of VCCI, Mr. Nguyen Thanh Tan, Director General –South Asia, South Pacific Department, Ministry of Foreign Affairs. Welcoming the Bangladesh Business Delegation, VCCI Secretary General briefed about various facilities offered by the Vietnam Government to the foreign investors and offered to extend all assistance to investors from Bangladesh to invest in Vietnam.

She referred to the free trade agreements which have been signed with the European Union as well as with the other 11 members of the Trans Pacific Partnership (TPP), which will open up opportunities for foreign investments in Vietnam in a number of export oriented sectors. Besides, with the increase in domestics consumptions there can also be investments in different sectors to meet the local demand.

ICC Bangladesh President thanked the VCCI Secretary General for jointly organizing the workshop and also for arranging the Meeting with the Business leaders of Vietnam. He explained about the opportunities offered by Bangladesh to foreign investors.

He suggested to arrange a visit by Vietnam Businesses to Bangladesh to explore on areas of investment. The Bangladesh Ambassador suggested to form a Vietnam- Bangladesh Chamber of Commerce and Industry which will be of immense help for the businesses of both the countries to explore investment opportunities.



ICC Bangladesh President Mahbubur Rahman (6th from left) poses for photo session with VCCI Secretary General Ms. Pham Thi Thu Hang (7th from left) in Hanoi, Vietnam on April 21. Pham Quang Thinh, Deputy Drector of International Relations Division, VCCI; Mahbub Jamil, Chairman of ICE Technologies Limited & former Chairman of Singer Bangladesh Ltd; Aftab ul Islam, President & CEO of IOE (Bangladesh) Ltd; Kutubuddin Ahmed, Chairman, Envoy Group & former President, BGMEA; R. Maksud Khan, Chairman, Bengal Fine Ceramics Ltd.; Md. Shahab Ullah, Ambassador of Bangladesh to Vietnam; Muhammad A. (Rumee) Ali, CEO, Bangladesh International Arbitration Centre; Anis A. Khan, Managing Director and CEO, Mutual Trust Bank Ltd.; Ataur Rahman, Secretary General ICC Bangladesh and Mohammad Shajahan Khan, Managing Direcctor, S.S. Shipping & Chartering Ltd. also seen in the picture.

Farewell to Russian Ambassador at Westin Hotel

A Farewell Lunch was hosted by ICC Bangladesh on 5 March to bid farewell to H. E. Mr. Alexander Nikolaev, Ambassador of the Russian Federation to Bangladesh. ICC Bangladesh President Mahbubur Rahman thanked Ambassador Nikolaev for his support and cooperation in furthering the relations between the two countries, in particular in expanding trade, investment and cooperation in power generation and gas exploration. He re-called about the all out support that extended by Russia the 1971 liberation war of Bangladesh in its journey towards independence as well as supporting Bangladesh's reconstruction and rehabilitation efforts and development of its war-damaged economy.



ICC Bangladesh President Mahbubur Rahman (middle sitting) is seen with Ambassador of the Russian Federation to Bangladesh H.E. Mr. Alexander Nikolaev (4th from left) at the Farewell Lunch organized by ICC Bangladesh. Also seen in the picture H.E. Ms. Nur Ashikin binti Mohd Taib, Malaysian High Commissioner-designate; H.E. Mr. Nguyen Quang Thuc, Ambassador of Vietnam; H.E. Mr. Iwan Wiranata-atmadja, Ambassador of Indonesia; H. E. Mr. Vicente Vivencio T. Bandillo, Ambassador of the Philippines; ICCB Executive Board members Mr. A. S. M. Quasem; Mr. Aftab ul Islam; Mr. Mahbub Jamil; Mr. R. Maksud Khan; Mr. Kutubuddin Ahmed and ICCB Secretary General Ataur Rahman among others.

Since then, both the countries have been working together for promotion of trade and investment. He hoped that Russia would continue to provide support in various infrastructure projects of Bangladesh. He hoped that Ambassador would continue to support Bangladesh programme in his new assignment in Moscow.

Ambassador Nikolaev thanked ICC Bangladesh President for arranging the lunch and inviting all the friends that he has been meeting and working together during his assignment in Bangladesh. He mentioned that as of January 1, 2016, the volume of bilateral trade between Russia and Bangladesh amounted to about USD 1.5 billion. It is noteworthy that the export from Russia is almost equal to the import from Bangladesh.

It may be mentioned that more than 90% of the Bangladesh import to Russia consists of ready-made garments, seafood, and leather items while Russia's exports include metal-roll, raw materials for textile industry, machinery equipment, fertilizers, crops. He also mentioned that the two countries are further expanding collaboration in agriculture.

He said that in view of the energy deficit in Bangladesh and is keen to develop energy cooperation with Russia, energy sector became a focal point of bilateral cooperation between Russia and Bangladesh which is illustrated by the work of such Russian energy giants as State Corporation ROSATOM and "Gazprom EP International".

At present, the largest bilateral project is the construction of the first Bangladesh nuclear power plant for which intergovernmental agreement on construction of "Rooppur" Nuclear Power Plant was signed in Dhaka, November 2011, the Ambassador said. .

The lunch was attended by H.E. Ms. Nur Ashikin binti Mohd Taib, Malaysian High Commissioner-designate; H.E. Mr. Nguyen Quang Thuc, Ambassador of Vietnam; H.E. Mr. Iwan Wiranata-atmadja, Ambassador of Indonesia; H. E. Mr. Vicente Vivencio T. Bandillo, Ambassador of the Philippines; ICCB Executive Board members Mr. A. S. M. Quasem; Mr. Aftab ul Islam; Mr. Mahbub Jamil; Mr. R. Maksud Khan; Mr. Kutubuddin Ahmed & Mr Motiul Islam, CCPO, Robi Axiata; Mr. Azam J. Chowdhury, Chairman, Prime Bank Limited; Dr. M. Masrur Reaz, Programme Manager, IFC, BICF; Mr. Ali Ahmed, CEO,BFTI; Mr. Hafiz Ahmed Mazumder, M.P, Chairman, Pubali Bank Ltd.; Mr. Abdus Sadeque Bhuiyan, DMD, Islami Bank Bangladesh Ltd.; Mr. Ahmed Shaheen, DMD, Prime Bank Limited; Mr. Suhel Ahmed Chowdhury, Former Secretary, GOB, Mr. Habibullah Karim, Former President of BASIS.

International Road Transport Union (IRU) Team discussed about TIRB benefits

A two-member IRU (International Road Transport Union, Switzerland) team consisting of Mr. M. Kazem Asayesh T.T, Sr. Adviser on TIR and Trade Facilitation and Ms. Nazife Bulut, Legal Adviser-Insurance visited ICC Bangladesh on 18 May. Presided by ICC Bangladesh Secretary General Ataur Rahman the meeting was attended by Country Manager of DHL Mr. Nooruddin Chowdhury and Managing Director of SGS Mr. David Laizans. The Team informed about the recent developments in the region, namely the accession of Pakistan to the TIR (Transports Internationaux Routiers or International Road Transport) Convention, China`s imminent accession to the TIR Convention, the signature of the BBIN ( Bangladesh-Bhutan-India-Nepal) Vehicle Agreement and India`s interest to join to the TIR system. It is therefore, very important for Bangladesh to access to the TIR Convention in order to provide transit facilities. The TIR Convention could significantly contribute to the implementation of the BBIN Motor Vehicle Agreement and facilitate road transport and transit not only in the region but also connects Bangladesh to the whole world, said Mr.Asayesh T.T. In light of the above, the IRU is convinced that Bangladesh would greatly benefit from joining this transport, transit and trade facilitation instrument and IRU would like to express readiness to extend its full support and cooperation to Bangladesh for the accession process and then with the implementation of the UN TIR Convention, he further mentioned..



ICC Bangladesh Secretary General Ataur Rahman (2nd from right) is seen with Mr. M. Kazem Asayesh T.T, Sr. Adviser on TIR and Trade Facilitation (extreme right); Ms. Nazife Bulut, Legal Adviser- Insurance (2nd from left) and Mr. Nooruddin Chowdhury, Country Manager of DHL during their visit to ICC Bangladesh.

Both the DHL and SGS representatives opined that Bangladesh should also actively consider accession to TIR and suggested to IRU that ICC Bangladesh could be the focal point in Bangladesh. It was also suggested to organize policy level seminar/ workshop to be attended by the BBIN countries.

65th ICCB Executive Board Meeting held

The 65th Meeting of the ICC Bangladesh Executive Board was held on 24 May at Tanscom Ltd. The Executive Board was informed by the ICC Bangladesh President about the holding of UNESCAP Asia Pacific Business Forum (APBF) and ESCAP Business Advisory Council Meetings in Dhaka on 7-9 February 2017.He said that Ministers/ business leaders from all the ESCAP member countries and international agencies are expected to attend these meetings. In this regard a Committee was formed by the Executive Board to ensure organizing this big event in a befitting manner. The Executive Board also discussed about the purchase of office space for ICC Bangladesh at Gulshan. Presided over by ICC Bangladesh President Mahbubur Rahman, the Meeting was attended by ICCB Vice President Latifur Rahman and the following eight Board Members: A.K.Azad, A.S.M.Quasem, Aftab ul islam, Anwar-Ul-Alam Chowdhury (Parvez), Mir Nasir Hossain, . Tapan Chowdhury, Rupali Chowdhury and Sheikh Kabir Hossain. MCCI President Nasim Manzur was also attended on invitation.



ICC Bangladesh 65th Executive Board Meeting is in progress.

New Members of ICC Bangladesh

The Executive Board of ICC Bangladesh during its meeting held on 24 May 2016 accepted the Membership of M/s. Ice Technologies Limited under Corporate Category.

Images from the Gallery



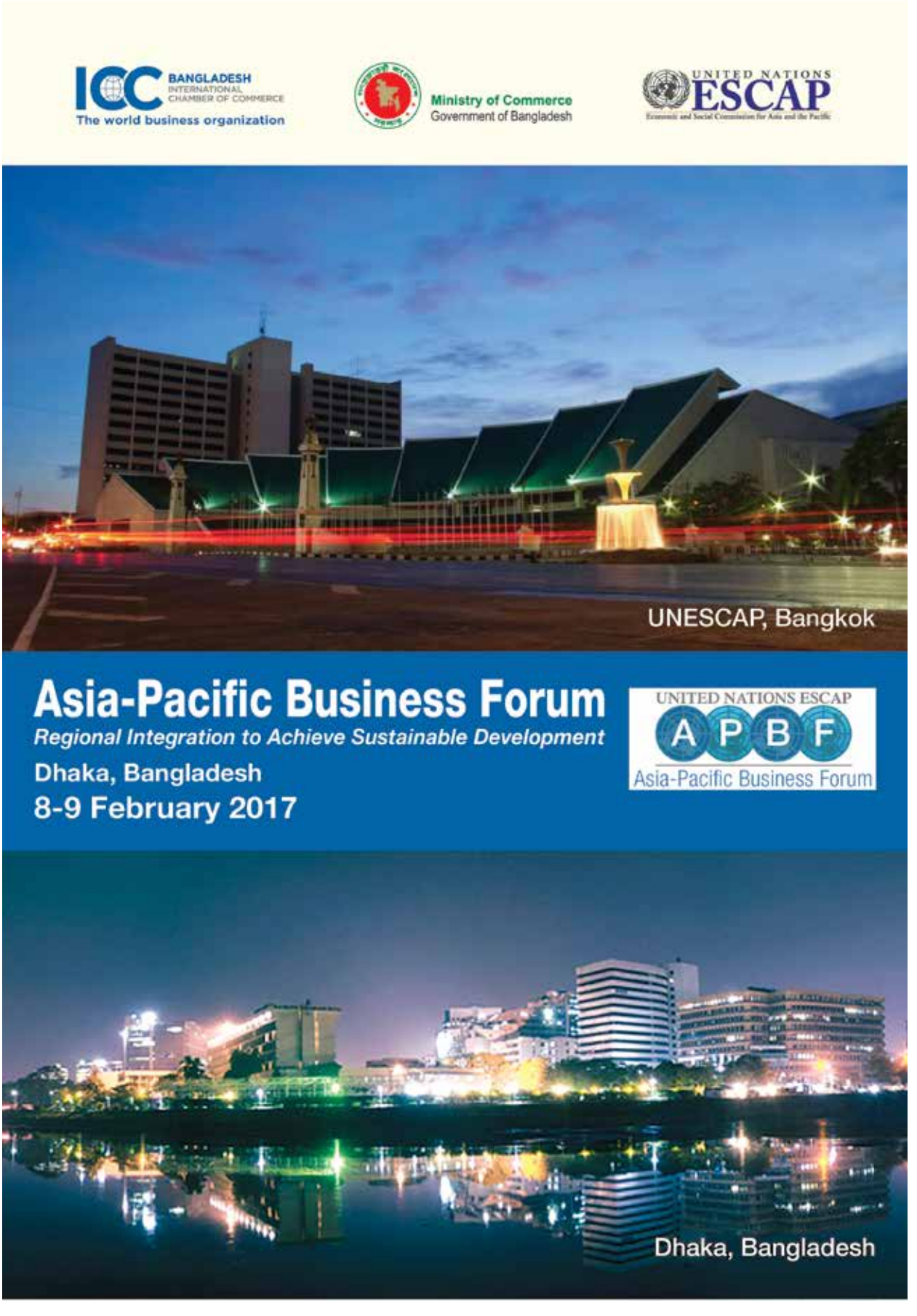
ICC Bangladesh Banking Commission Chairman Mr. Muhammad A. (Rumee) Ali (4th from right) is seen with VCCI Secretary General Ms. Pham Thi Thu Hang (4th from left); Dr. Masato Abe, Economic Affais Officer of UNESCAP (3rd from right); Mr. Anis A. Khan, Managing Director and CEO Mutual Trust Bank Limited (2nd from left) and ICCB Secretary General Ataur Rahman (3rd from left) at the closing session of ICCb Workshop at Hanoi, Vietnam.



ICC Bangladesh Banking Commission Chairman Mr. Muhammad A. (Rumee) Ali is giving certificate to the workshop participants.



Group picture of participants at ICC Bangladesh workshop on International Trade Finance, ADR, logistics and Business Development at Hanoi, Vietnam.


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Asia-Pacific Business Forum
Regional Integration to Achieve Sustainable Development
Dhaka, Bangladesh
8-9 February 2017
UNITED NATIONS ESCAP
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Asia-Pacific Business Forum
Dhaka, Bangladesh

About ESCAP

UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

The Economic and Social Commission for Asia and the Pacific (ESCAP), located in Bangkok, Thailand, is the regional development arm of the United Nations for the Asia-Pacific Region. It was established in 1947 to encourage economic cooperation among its member states and is one of five regional commissions under the administrative direction of United Nations headquarters. Made up of 53 Member States plus 9 Associate Members, the region is home to 4.1 billion people, or two thirds of the world's population. This makes ESCAP the most comprehensive of the United Nations five regional commissions, and the largest United Nations body serving the Asia-Pacific Region.

ESCAP provides a forum for its Member States that promotes regional cooperation and collective action, assisting countries in building and sustaining shared economic growth and social equity. Overall, ESCAP's norm setting and policy work ultimately impacts people's lives in a positive way by helping countries shape and implement a more balanced and inclusive development agenda for the region.

Business Advisory Council 19 May 2015



ESCAP Business Advisory Council (EBAC) Members are seen with Dr. Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP (6th from right); EBAC Chair Datuk Seri Mohamed Iqbal Rawther (5th from right) and ICC Bangladesh President Mahbubur (4th from right).

About APBF

UNITED NATIONS ESCAP
APBF
Asia-Pacific Business Forum

The Asia-Pacific Business Forum (APBF) is the flagship regional business Forum organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). With its 53 Member States plus nine Associate Members, ranging from least developed and Pacific Island countries, to countries with emerging markets, ESCAP Secretariat as well as ESCAP Business Advisory Council (EBAC) and Sustainable Business Network (ESBN) are the driving forces behind APBF.

APBF's mission is to provide the best platform for regional public-private sector dialogue on the role and needs of business in achieving inclusive, resilient and sustainable development. APBF was first launched in 2004 in Shanghai, where it attracted over 2,000 participants from business, government, academia and civil society from across the Region. Over the course of one decade, it has helped form a Pan-Asian multi-stakeholder network, and has been hosted in various locations, such as Almaty, Bangkok, Colombo, Jakarta, Kuala Lumpur and Kunming.



ICC Bangladesh President Mahbubur Rahman (middle) moderated Plenary Session on Connecting the Region through Trade and Investment at Asia Pacific Business Forum (APBF) held in Colombo on 26 November 2014.

ICC BANGLADESH The world business organization

Ministry of Commerce Government of Bangladesh

UNITED NATIONS ESCAP

Asia Pacific Business Forum (APBF) 2017

Regional Integration to Achieve Sustainable Development

8-9 February 2017, Dhaka, Bangladesh

PROVISIONAL PROGRAMME

The 2030 Agenda for Sustainable Development in Asia-Pacific Region would be elusive if there is inadequate pace in the regional economic cooperation and integration to accelerate economic structural diversification and promote job-generating growth. Regional integration is a process by which two or more nation-states agree to co-operate and work closely together to achieve peace, stability and wealth; with renewed commitment on the part of governments to economic diversification specifically in priority areas such as cross-border infrastructure, in transport, energy and ICT, as well as for additional policy reforms to support market-driven trade and investment-led diversification and integration. The question for business sector is how it could seize a valuable window of opportunity that now exists towards the SDGs to revisit its development trajectory, and to effectively implement the; and how governments would establish the necessary enabling regulatory environment for this to catalyze such integration, and how to incentivize the business sector to harness the regional integration for the social, environmental, and economic imperative

Wednesday, 8 February

15:00-17:00 Hrs. **Inauguration**

Keynote Address on Regional Integration for Sustainable Development: Role of Policy makers and Business

- One High Profile Regional Leader and a prominent business speaker

Speakers at Inaugural Session:

- President/Prime Minister of Bangladesh
- Former President of Indonesia (tbc)
- Executive Secretary of United Nations ESCAP
- ICCB President
- One prominent business Leader

19:00-22:00 **Cultural programme followed by Gala Dinner**

Thursday, 9 February

Plenary & Business Sessions

08:30-09:00 Hrs. **Registration**

09:00-10:30 **Plenary Session:**
Strategy for Regional Integration and Cooperation (Ministerial Session)
Speakers: Ministers, Prominent Business Leaders and Experts

10:30-11:00 **Networking Break**

11:00-12:30 **Business Session One:**
Translating Trade and Transport Facilitation to Regional Strategies Measures

12:30-14:00 **Business Lunch**

14:00-15:30 **Parallel Sessions**

Business Session Two:
Remaining Profitable in the Risks Contexts of Climate Change and Disasters: Devising the Strategy for Business Resilience

Business Session Three:
Addressing Promotion of Cross-border Value Chains: Protecting and Empowering Disadvantaged MSMEs

15:30-17:00 **Business Session Four:**
Investment opportunities in Emerging Economies for sustainable businesses

17:00-17:30 **Refreshment**

17:30-18:00 **Press Briefing**

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Bangladesh Economy

Budget size of FY 2017 Tk. 3.40 trillion

Finance Minister Mr. A.M.A. Muhit,M.P. placed the budget for FY 2016-17 in the Parliament on June 2. He has proposed a total estimated expenditure of Tk. 3.40 trillion (17.4 percent of GDP). A sum of Tk. 2.23 trillion has been allocated for non-development and other expenditure (11.4 percent of GDP). The ADP size has been fixed at Tk. 1.10 trillion (5.6 percent of GDP). Including ECA loan of Tk. 30 billion of power sector, the cost of self financed projects of autonomous bodies will stand at Tk. 12.65 billion. After taking this amount into account, total size of ADP will be Tk. 1.23 trillion (6.3 percent of GDP).

The revenue receipts for FY 2016-17 have been estimated at Tk. 2,42,752 crore which is 12.4 percent of GDP. NBR tax revenue is estimated at Tk. 2,03,152 crore (10.4. percent of GDP). The revenue collection target from non-NBR sources has been set at Tk. 7,250 crore which is 0.4 percent of GDP. The non-tax revenue collection target has been set at Tk. 32,350 crore which is 1.6 percent of GDP.

The Finance Minister has stated that for the first time the government has proposed a fast track infrastructural projects in order to provide the much needed infrastructural facilities to boost investment and attain higher GDP.

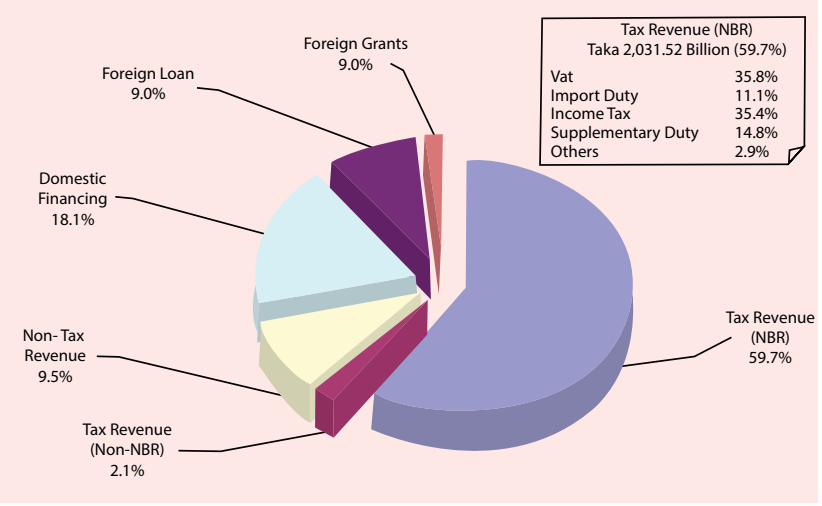
Budget Structure for FY 2016-17

(In crore Tk.)

Sector	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15
Total Tax Revenue	2,42,752 (12.4)	1,77,400 (10.3)	2,08,443 (12.1)	1,45,965 (9.6)
NBR Tax	2,03,152	1,50,000	1,76,370	1,23,977
Non-NBR Tax	7,250	5,400	5,874	4,821
Non Tax Receipt	32,350	22,000	26,199	17,167
Total Expenditure	3,40,605 (17.4)	2,64,565 (15.3)	2,95,100 (17.2)	2,04,376 (13.5)
Non-Development Revenue Expenditure	1,88,966 (9.6)	1,50,379 (8.7)	1,64,571 (9.6)	1,18,992 (7.9)
Development Expenditure	1,17,027 (6.0)	95,908 (5.5)	1,02,559 (6.0)	63,676 (4.2)
In which, Annual Development Programme	1,10,700 (5.6)	91,000 (5.3)	97,000 (5.7)	60,376 (4.0)
Other Expenditure	34,612 (1.8)	18,278 (1.1)	27,970 (1.6)	21,708 (1.4)
Budget Deficit	97,853 (5.0)	87,165 (5.0)	86,657 (5.0)	58,411 (3.9)
Financing	97,853	87,165	86,657	58,411
External source	36,305 (1.9)	24,990 (1.4)	30,135 (1.8)	7,280 (0.5)
Domestic source	61,548 (3.1)	62,175 (3.6)	56,522 (3.3)	51,131 (3.4)
In which, Banking source	38,938 (2.0)	31,675 (1.8)	38,523 (2.2)	514 (0.0)
GDP	19,61,017	17,29,567 b	17,16,700a	15,15,802

Source : Finance Division, figures in parenthesis indicate percent of GDP; a= nominal GDP at the time of budget preparation, b= Provisional estimate of nominal GDP.

Budget resources allocation at a glance

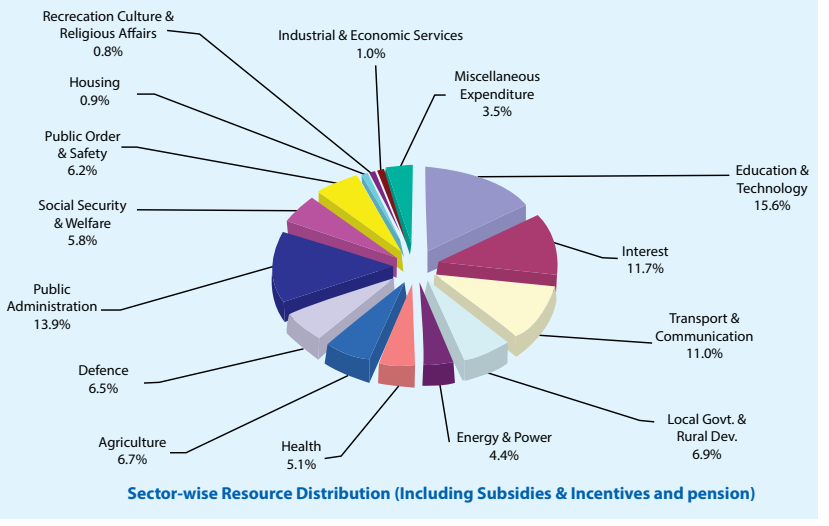


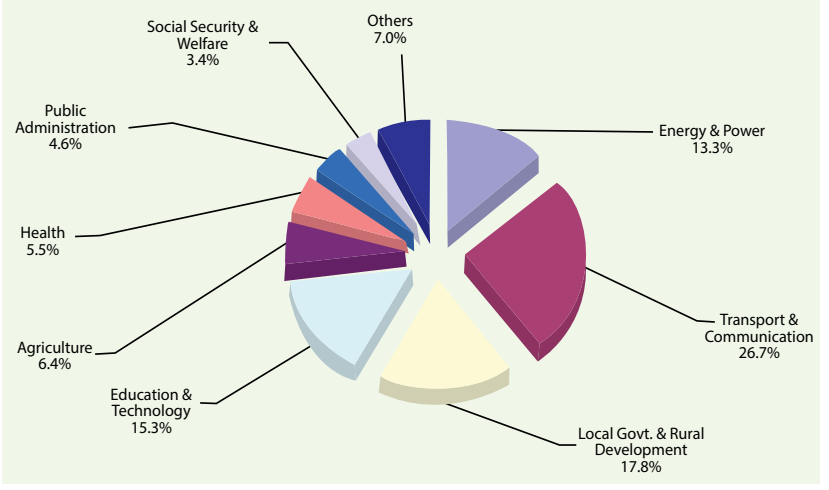
Non-Development & Development Budget: 2016-2017

(Taka 3,406.05 Billion)
Resources coming from

Non-Development & Development Budget: 2016-2017

(Taka 3,406.05 Billion)
Use of Resources





Non-Development Budget: 2016-2017

(Taka 1,125.26 Billion)
Details of Sector-wise Allocation

Allocation for eight fast-track projects in FY2016-17

The government has given top priority to eight fast-track mega projects in the upcoming budget, setting aside Tk 18,727 crore for them. For the first time, a special booklet titled "Mega Projects in Transforming Infrastructure: New Dimension in Accelerating Growth" was placed in parliament by the Finance Minister on 2 June.along with the proposed budget. The booklet outlined different aspects, financing and implementation of the "economy transforming projects" which will cost a total of Tk 161,268 crore.

	TOTAL COST IN CRORE	FY16-17 ALLOCATION IN CRORE	PROGRESS
Padma bridge	Tk 28,793	Tk 6,026	32%
Padma rail track	Tk 34,989	Tk 4,102	0%
Dohazari-Gundum rail	Tk 18,304	Tk 614	2.1%
Metro rail	Tk 21,985	Tk 2,227	3.46%
Payra sea port	not yet set	Tk 200	2.1%
Rooppur plant 1st phase	Tk 5,087	Tk 618	80%
Matarbari Power project	Tk 35,984	Tk 2,400	1.18%
Rampal Power project,	Tk 14,999	Tk 2,540	2.1%

The mega projects are the Padma bridge, metro rail, Rooppur nuclear power plant, Rampal power plant, Payra sea port, Matarbari power plant, Padma bridge rail link and Dohazari-Cox's Bazar-Gundum rail line. However, no allocation was made for the two other fast-track projects -- Sonadia deep sea port and LNG terminal -- as they will be implemented on government-to-government (G2G) basis.

Apart from these growth-enhancing projects, the government plans to include three more projects in the list of mega projects. They are Matarbari coal terminal, Bhola gas pipeline, and petrochemical industry in coastal area.

Experts have welcomed the government initiative, saying it would speed up implementation of the priority projects.

Since 2013, a Fast Track Project Motoring Committee, headed by the prime minister, has been looking after the top priority projects. Another committee, Fast Track Task Force led by the principal secretary to the PMO, is supervising those.

Padma Bridge

The government allocated Tk 6,026.48 crore for the project in the upcoming fiscal year, up by around 68 percent from that of the outgoing fiscal year. An allocation of Tk 3,592 crore was made for the Tk 28,793 crore project in FY 2015-16. 34 percent of the project work has already been completed. The government wants to inaugurate the bridge by December 2018. The bridge is being built with the government's own funds after the World Bank withdrew its $1.2 billion funding commitment over corruption allegations.

Padma Rail Link

The government incorporated the Tk 34,989-crore Padma bridge rail track project in the list of fast-track project.

Under the project, a 172-km rail track would be built between Dhaka and Jessore. Of the funds, the government will provide Tk 10,239 crore and China Tk 24,794 crore. Once implemented, the Padma bridge and the Padma rail link would boost the country's economic growth by 1.5-1.75 percentage points.

Dohazari-Cox's Bazar-Gundum Rail Line

The country's largest railway project, taken up in July 2010, has seen only 2.1 percent progress. Under the project, single-line dual gauge railway tracks would be built from Dohazari to Cox's Bazar via Ramu, and Ramu to Gundum near Myanmar. The government hopes the project's implementation would gather momentum, as it is included in the list of fast-track projects and funds have been assured for it.

The Asian Development Bank will provide Tk 13,115 crore for the project, and the rest will come from government funds. The time limit for the revised project has been extended to 2022.

Metro Rail

The government plans to commission the Metro Rail Project [MRT line-6 from Uttara to Motijheel] ahead of its 2024 deadline. Work on the first part of the 20-km vital rapid transit project from Uttara North to Agargaon would be completed by 2019. Work on the segment from Agargaon to Motijheel would be completed in December 2020. Japan International Cooperation Agency (Jica) will provide Tk 16,594 crore for the project.

Payra Sea Port

The government has allocated Tk 200 crore for the upcoming fiscal year for primary work of the project, which has 19 components. In May last week the government signed the first memorandum of understanding (MoU) for the project with Belgian company Jan De Nul for capital and maintenance dredging involving an estimated $2 billion.

Rooppur Nuclear Power Plant

The first phase of the 2,400 megawatt nuclear power project has seen considerable progress since Bangladesh signed the project

agreement with Russia in January 2013. A company has been set up to run the plant. The government wants to complete at least one unit of the project by 2018 while the deadline for its completion is 2023.

Matarbari Power Plant

Land acquisition for the project has already been completed. Jica will provide Tk 28,939 crore for it.

Rampal Power Project

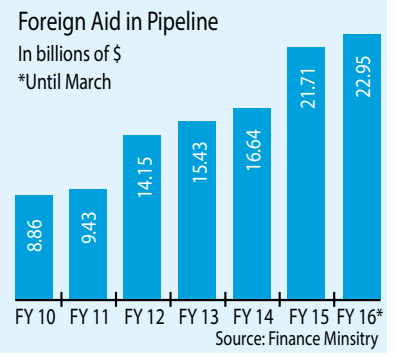
Work related to land development and construction of boundary walls in the 1,320MW project is almost finished. It was launched by a Bangladesh-India joint venture company in 2010.

The government has set a target of using $5.7 billion or Tk 44,463 crore from the unspent foreign aid in the pipeline in the next fiscal year, nearly double that of the outgoing fiscal year, to bankroll some key infrastructure projects. It seeks to increase utilisation of foreign aid to reduce dependency on costly domestic borrowing, Finance Minister AMA Muhith said.

The money will be used in large projects such as Rooppur Nuclear Power Plant, Karnaphuli tunnel and Padma bridge rail link. The utilisation rate for foreign aid is fairly low. Every year, most of the funds remained unused due to poor implementation. Inefficiency, excessive bureaucracy and abrupt changes of project directors are blamed for the poor utilisation of foreign aid.

To address the issue, Finance Minister said the government was implementing structural reforms in project design and implementation stages. If the government had mobilised the targeted aid, spending of low-cost funds would have received a major boost. Foreign aid commitments have gone up in recent years, but the utilisation capacity of ministries and divisions didn't improve, leaving a huge amount in the pipeline.

The unused foreign aid in the pipeline reached new high of $22.95 billion in March. The amount accounts for about 40 percent of the yearly development budget. Once the country's per capita incomes goes above $1,200 as per the World Bank criteria, it would lose the low-cost loan opportunity and would be graded as a blended country that receives both concessional and non-concessional loans.



Till March this fiscal year, the development partners had pledged $3.81 billion, but $2.57 billion was disbursed during the period, according to official estimates. Economists said as the government failed to reap the benefits of the available foreign aid, it is being forced to borrow funds from domestic sources at an interest rate of 7 to 8 percent against 1 to 2 percent for donor funds. Furthermore, excessive domestic borrowing by the government crowds out private sector investment.

Budget not feasible: WB

The World Bank on June 22 questioned the feasibility of the proposed budget, saying the revenue growth target has clearly been overestimated.

The government has set a revenue target of over Tk 2.42 lakh crore, which is 37.5 percent more than the revised earning for the outgoing year. Bangladesh achieved the highest revenue growth in fiscal 2007-08, of 26 percent -- when a military-backed caretaker government was in power.

"The size of the budget won't matter. But, such an unlikely increase in revenue poses a challenge on the feasibility of the budget," said Zahid Hussain, lead economist of the WB's Dhaka office, at a media briefing on the proposed budget.

The WB lead economist Zahid Hussain said the high revenue growth target was not supported by revenue increasing reforms. Moreover, a lot of VAT and customs rates reduce predictability for firms and open the door for increased unproductive lobbying.

He said the 100 percent increase in package VAT for small traders is on the high side. The VAT reforms continue to elude despite the passage of the law four years ago.

Qimiao Fan, country director of WB for Bangladesh, Bhutan and Nepal, also spoke. The WB analysis also found that Bangladesh is gradually shifting towards costlier sources of funds to make up its budget deficit without giving much effort to utilise low-cost foreign financing. Consequently, the interest burden is getting bigger.

Interest payments account for 11.7 percent of the total budget worth over Tk 3.40 lakh crore for fiscal 2016-17 and the allocation is the third highest after education and public administration. On the other hand, as of May foreign financing worth $20.58 billion, which is half of the country's latest budget, remains unutilised, even though the interest rate on them would be 0.6 percent against 9.6 percent for domestic debt.

"The target for external financing is achievable, but looking at the way the government has been utilising the funds, it's not possible. There must be visible progress in the utilisation of funds in the pipeline," Hussain said.

Last fiscal year, only 15.4 percent of the aid in the pipeline was used. The Washington-based multilateral lender said the budget for the upcoming year has been announced at a time when macroeconomic fundamentals, such as gross domestic product growth, inflation, exports, reserves, interest rates and monetary management are stable.

But there are not enough measures in the budget to boost falling private investments. Private investment as a share of the GDP went down to 21.8 percent in the outgoing year from 22.1 percent a year earlier.

The WB said the infrastructure crisis has become the binding constraint to Bangladesh's faster economic growth. If a project takes 8 to 9 years to complete, it does not give a good signal to investors, both domestic and foreign, as the delay would escalate their cost of doing business. When an investor thinks of investing in a country, he/she looks at the certainty of financing, political stability and security issue, Fan said.

On the fast-track projects, the WB said the progress of all projects, save for the Padma bridge and Rooppur 1st phase ones, is slow.

The current allocation level is inadequate for all except Padma, Payra and Rooppur projects, it said. As of now, 46 economic zones have been approved but they are yet to be developed for the use of the private sector.

On the implementation of the annual development programme, the WB said the project management reforms proposed in the budget are a welcome move, but further clarification is needed. Commenting on the quality of implementation of the ADP projects, the development partner said a result-based monitoring and evaluation system has to be introduced.

The WB said greater flexibility is needed to facilitate the reallocation of relatively inefficient expenditure into high-priority projects.

Trade Bodies mixed reaction to proposed budget FY17

FBCCI

The apex trade body FBCCI has once again demanded revision of the finance minister's budget proposal on income tax, customs duty and value-added tax for the next fiscal year. Subsequently, the Federation of Bangladesh Chambers of Commerce and Industry has submitted a set of recommendations to the National Board of Revenue that it believes are necessary to accelerate economic development through industrialisation and investment.

The FBCCI, as part of the major recommendations, called for reinstating the 0.6 percent tax at source on export, reducing the corporate tax to 10 percent from the proposed 20 percent for garment sector and increasing the tax-free limit to Tk 3 lakh on individual income. It also urged the government to increase the limit of turnover tax from Tk 80 lakh to Tk 5 crore and re-fix the turnover tax at 0.5 percent instead of 3 percent.

The FBCCI asked for the full implementation of the VAT law for small and medium enterprises based on their business performance. It also demanded withdrawal of advance income tax on import of capital machinery, basic raw materials, intermediary goods and other ingredients used for industrial purposes, and continuation of VAT-free facility for loaves, buns, slippers, cakes and biscuits.

DCCI

The Dhaka Chamber of Commerce and Industry (DCCI) in a statement proposed reduction of the corporate tax rate within 25 percent to 35 percent by formalising 70 percent of informal businesses across the country.

The DCCI called for reducing the means of undisclosed money and rationalisation of the rate of tax deducted at source and double taxation.

The trade body suggested the government complete automation of NBR services and expansion of tax collection wings across districts and upazilas. In the proposed budget for fiscal 2016-17, a large target has been set for revenue collection.

The target of revenue collection is almost 23 percent more than this fiscal year's and 12.5 percent of the gross domestic product. The proposed budget has not outlined potential sources of revenue to back up the additional revenue collection target, the DCCI said.

MCCI

The proposed budget for the financial year 2016-17 would not facilitate investment which is vital to achieving the potential growth of the country's economy, said speakers at a budget-reaction meeting jointly organised by Metropolitan Chamber of Commerce and Industry and Policy Research Institute.

They said the economic outlook of the world is troublesome and it is a great opportunity for Bangladesh to boost its investment. The budget should address the concern of investors and galvanise investment. Domestic and foreign investment will get a substantial boost if the special economic zones become operational, but there is no directive in the budget to expedite development of the proposed SEZs,' said MCCI president Syed Nasim Manzur at the programme held at the Westin Hotel in Dhaka on June 19. 'There is crisis going on in the eurozone and we should formulate our policies to cash on that,' Nasim Manzur said. 'It, however, seems

that the main focus of the budget this year remains revenue collection by increasing tax burden on the existing taxpayers. This will create new avenue of corruption and poor governance,' he said.

PRI executive director Ahsan H Mansur said achieving the 7.2 per cent growth rate proposed in the budget would be difficult unless the private sector investment rebounds strongly. 'There is political calm now and establishing economic zones for foreign investors could increase foreign and domestic investment. It is seven years running since the SEZ Act was passed but there is no SEZ in operation yet,' he said. It will be more effective to complete the 30 SEZs envisaged in the last budget rather expanding the number to 46 in FY17, Ahsan Mansur said. He said finishing big development project in time is a big challenge as time increases cost of the projects. Like, Padma bridge cost was doubled in last few years and by time it finishes the cost might increase more,' he said.

Former Bangladesh Bank governor Farashuddin Ahmed said that some of the points made by the business community were valid. 'But the businesspeople also need to point out some areas from where the government can collect tax. All the business communities talk about reducing tax for them,' he said.

PRI vice-chairman Sadiq Ahmed said there are some budget expense that goes unnoticed but has deep impact on the business and economy. 'There is a segment named "other expense" in the budget that grew significantly and no one knows what expenses are covered with that. This expense should be scrutinised. I assume those [fund] will be used for helping the state-owned banks and other projects taken in political consideration,' he said.

State minister for finance and planning MA Mannan, however, said Bangladesh needs to focus on domestic investment rather emphasising on 'so called' foreign donations. 'I don't understand why we are so obsessed with foreign funds. Foreign fund may look cheaper but it has so many conditions with it that it is painful. We are focusing on local investment and our growth has been remarkable so far,' he said. He also said that the cost of Padma bridge increased as initially there was no railway track in the bridge plan but included later in the project.

BGMEA/ BKMEA/ BTMA/ BTTLMEA/ BGAPMEA

Garment and textile exporters on June 18 demanded that the government reduce the rate of tax at source to 0.60 per cent of export value from the 1.50 per cent it proposed in the budget for the fiscal year of 2016-17. At a post-budget press conference held at the BGMEA office in the capital, they said that the proposed tax rate was conflicting with the industrial policy.

The exporters also demanded that the government announce the source tax at 0.60 per cent as the final settlement and set corporate tax at the rate of 10 per cent for the textile sector for the next five years.

Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association, Bangladesh Terry Towel and Linen Manufacturers and Exporters Association and Bangladesh Garment Accessories and Packaging Manufacturers Association jointly organised the press conference on the proposed budget that was placed before parliament on June 2.

BGMEA president Siddiqur Rahman urged the government to give policy support to the clothing sector without focusing on direct tax for the sake of investment and employment. He said the apparel sector is passing through a transition period and the production cost is increasing by 8-10 per cent every year due to a fall in product prices on the international market and yearly increment in worker wages and factory remediation cost.

'Under the circumstances, if the government imposes the tax at source at the rate of 1.50 per cent on export value, a good number of factories would have to face losses and entrepreneurs would be discoursed to make new investment,' Siddiq said.

Demanding reforms in tax laws, the BGMEA president said that the tax at source in the apparel sector should be set on cutting and making prices or on net profits not on overall export prices. He also demanded waiver of value-added tax on local purchasing and utility services, duty-free import of fire safety-related equipments, cash incentive at the rate of 2 per cent on export value for the EU zone and 5 per cent for new markets.

Shafiul Islam Mohiuddin, acting president of the Federation of Bangladesh Chambers of Commerce and Industry, said, 'The tax burden should not be so heavy that entrepreneurs become discouraged.'

BKMEA president Salim Osman said the entrepreneurs in the clothing and textile sector would be overburdened with tax if the government imposes 1.50 per cent source tax.

BTMA vice-president Fazlul Haque, BTTLMEA chairman Hossain Mehmud and former BGAPMEA president Rafez Alam also spoke at the programme.

FICCI

The Tk 3.40-trillion proposed budget for the fiscal year 2016-17 is "highly challenging" for implementation, says the foreign investors' chamber. Non-reduction in the corporate tax and continued scope for whitening undisclosed money on payment of lower tax than what is paid by honest taxpayers also came in for critical appreciation by the Foreign

Investors' Chamber of Commerce and Industry (FICCI).

"The proposed budget, the size of which is 35.4 per cent higher than the revised budget for the outgoing fiscal, is highly challenging," the FICCI said in a statement on June 4. In its reaction a day after the presentation of the budget for fiscal year 2016-17 in parliament, the trade body also criticised the reduction of fund allocations for the agriculture and health sectors. This reduction would be detrimental to the desired level of socio-economic development, it said.

The investors' chamber, however, appreciated the increased allocations for education, social security and welfare programmes, including the widening of social safety-net recipes, which will mitigate extreme poverty situation. Another point of concern the FICCI has expressed is the lower level of individual income tax ceiling and higher income tax. The higher rates of tax, it forecast, could encourage more evasion. About the scope for undisclosed money whitening, the chamber said: "Legalising the undisclosed money on payment of minimum tax is highly discouraging for the honest taxpayers. Instead of withdrawal the provision, the government has proposed to reduce the rate of tax for legalisation of such funds, which will encourage more evasion of tax as well as frustrate the honest taxpayers."

It further feared that the proposal for reduction in the amount of investment allowance along with the rate of tax credit thereon for individual assesses would "significantly enhance the tax burden of the assesses". The trade body advised the government to allow investment of private employees' gratuity fund in Bangladesh Sanchaya Patra (BSP) which yields relatively better returns.

About the appeal on VAT dispute it said, "For VAT appeal, the government has proposed deposit of 50 per cent of claimed amount prior to submission of the appeal to concerned authority. This proposal is against the said fundamental right and natural justice." The chamber, however, appreciated some measures in the budget, saying that the 7.2 per cent Gross Domestic Product (GDP) growth in the next financial year (FY), 2016-17, is possible if the government could enhance the GDP-investment ratio.

The investors' chamber hailed the withdrawal of excess profit tax from banks, expansion of the limit of the perquisite, withdrawal of the provision for approval of product price by divisional-in-charge on declaration of the same by a VAT-registered manufacturer, provision for the filing of appeal against unilateral cancellation of input VAT rebate by the official concerned, the widening of the provision for central registration under VAT and proposal for reduction in Regulatory Duty from 4.0 per cent to 3.0 per cent on imports.

Overall, the foreign investors' chamber feels that the proposed budget with necessary amendments will accelerate investment and improve the business environment and socioeconomic condition of the country.

PM urged developed nations to be generous in transferring technology

Prime Minister Sheikh Hasina on May 27 urged the developed countries including G7 nations to be more gracious in technology transfer, resource mobilization and capacity building of the poor countries to overcome the challenges of implementing Sustainable Development Goals (SDGs).

Prime Minister Sheikh Hasina attended the Outreach Meeting of the G7 countries, representing world's seven major advanced economies. Bangladesh premier joined the event at the invitation of Japanese Prime Minister Shinjo Abe, host of the G7 Summit 2016. The Japanese Premier invited Bangladesh along with a number of heads of state and government of other non-G7 countries, including Indonesia, Vietnam, Laos, Sri Lanka, Papua New Guinea, African nation Chad.

Top executives of the World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB) also took part in the outreach meeting. The two-day summit began on May 26 at Ise-Shima in Nagoya, capital of Japan's Aichi Prefecture, a modern manufacturing and shipping hub in central Honshu.

Prime Minister Sheikh Hasina called upon the developed nations to be more generous in transferring technology and extend their expanded assistance in resource mobilisaiton and capacity building in poorer countries. During the interaction with the leaders of major world economies on the sidelines of the G7 summit, Sheikh Hasina focused on Bangladesh's achievements and vision on various issues of SDGs pinpointing four areas relating to scoio-economic development. The issues she pointed out are- quality infrastructure, health, women empowerment and climate change.

The Bangladesh premier urged the world leaders to give emphasis on women in policy and politics, rights and dignity of women in society as well health issues to achieve universal health coverage. This was the second time since 2001 Sheikh Hasina was invited to take part in the G7 outreach meeting visibly in view of a global recognition to her leadership image and ability to move forward the country at a very crucial time.

Sheikh Hasina pointed out her government's stride to provide quality health service at grassroots

level across the country saying investment in health sector has a long term impact on development. "Bangladesh's community health centers can be a role model at rural level across the globe," she said.

About the women empowerment the Prime Minister in the context of 2030 agenda she called for giving priority on women's participation and empowerment at national level, their financial emancipation and their rights and dignity in the society. The Prime Minister had a good interaction with world leaders including US president Barack Obama, German Chancellor Angela Markel, UN Secretary General and IFM head after the meeting.

Sheikh Hasina took part in two discussion sessions of the meeting which were aimed at exploring ways to sustain the well-being of Asia and the global development agenda known as the Sustainable Development Goals (SDGs). She also joined photo session and luncheon program with other world leaders.

Highlighting the significance of Bangladesh's participation in the



outreach meeting of the G7 Summit, the premier's principal secretary Abul Kalam Azad said, "except Bangladesh other non-G7 countries are representing different regional groups while Bangladesh was specially invited for her remarkable success in different areas of global economy".

Azad said the G7 leaders took the issue of poverty eradication as a big agenda since the Bangladesh premier raised the issue at G7's outreach meeting in 2001.

On the sidelines of the outreach meeting, Sheikh Hasina hold bilateral meetings with UK Prime Minister David Cameron, Japan's Prime Minister Shinjo Abe and Sri Lankan President Maithripala Sirisena.

Tokyo renews pledge of $6b to Dhaka
$1.5b to be cleared this year

Japan on May 28 assured Bangladesh that it would fulfil its commitment to provide $6 billion, of which $1.5 billion would be released this year. Japanese Prime Minister Shinzo Abe gave the assurance during an official bilateral meeting with his Bangladeshi counterpart Sheikh Hasina in Nagoya.

PM's Principal Secretary Abul Kalam Azad, Press Secretary Ihsanul Karim, Senior Secretary of the Economic Resources Division Meshbah Uddin and Foreign Secretary M Shahidul Haque briefed reporters after the meeting. During the talks, the Japanese PM assured Hasina of conducting a feasibility study on the proposed modern airport at Charjanazat on the other side of the Padma Bridge.



Japan also agreed in principle to take steps for building the third terminal of Hazrat Shahjalal International Airport by 2019, the secretaries said. Issues of economic cooperation, development and cooperation in global arena came up for discussion. The two countries agreed to take the bilateral partnership to a new height, which took shape after Hasina's visit to Japan in 2014, they added.

"Japan will continue to support your aspirations to become a middle income country by 2021," the Japanese premier was quoted as saying. Abe also assured Hasina of further relaxing the rules of origin to promote trade and business between the two countries. Attaching

importance to quality infrastructure in Bangladesh, he said the Matarbari coal-based power plant and Dhaka Metro Rail would be two such projects.

"A dedicated railway bridge alongside the existing Bangabandhu Bridge, development of cross-border connectivity and a number of some other proposed projects would be included under the quality infrastructure development initiative," said the Japanese leader.

He highly appreciated Hasina's contribution to G7 Summit that concluded in Nagoya on May 27. "Your intervention and contribution helped the G7 leaders lead the discussion which ultimately helped us in our key components of the outcome elements," Abe told Hasina.

The Bangladesh PM sought Japan's support to develop a knowledge-based economy, nano technology and blue economy. Japan agreed to extend support to this end. Hasina thanked the Japanese premier for relaxing some rules of origin with regards to knit garment export, which led to increase of export to Japan from Bangladesh.

The foreign secretary said the meeting between the two leaders was held in a very warm and cordial environment. The two premiers also discussed the progress of the Big-B project in Chittagong and the prospective Japanese support to implement the mega project. Abe asked the officials of Japan International Cooperation Agency (JICA) to explore Hasina's proposal for Japanese investment in Bangladesh with a buy-back arrangement.

Hasina proposed some new areas, including energy efficiency, nano technology and skill development, before Abe for his country's large-scale support.

According to a decision taken in the meeting, holders of diplomatic passports would get on-arrival visa for travelling to Japan from July 1. The two premiers agreed to work together on various international issues and in the discourse for reformation of the United Nations.

Hasina urged Saudi businesses to invest in Bangladesh

Prime Minister Sheikh Hasina on June 05 urged Saudi investors and entrepreneurs to be partners of Bangladesh in investment, trade, profit sharing and prosperity to help the country achieve the goals of its Vision 2021 and Vision 2041. "As we strive to achieve these goals, I request you to be our partners in investment, trade, profit sharing and prosperity. Together we can bring a change in the lives of millions of people," she said.



Hasina said this at a meeting with leaders of Jeddah Chamber of Commerce & Industry. After the meeting, the prime minister's Press Secretary Ihsanul Karim briefed reporters. He said Hasina also welcomed the Saudi entrepreneurs to invest in Bangladesh's emerging sectors like shipbuilding, textiles, leather, jute, ceramics, petrochemicals, agro-processing and pharmaceuticals.

She also sought investments in sectors like plastic goods, light engineering and electronics, telecom and IT, power, energy, water and marine and other infrastructure projects as well as in hi-tech manufacturing and microprocessors.

Karim said a memorandum of understanding (MoU) was also signed between Bawani Group of Saudi Arabia and Bangladesh Sena Kalyan Sangstha for supplying skilled manpower, including engineers and architects, in the construction sector of Saudi Arabia.

Referring to her government's initiative of establishing 100 special economic zones in the country, Hasina said the move has been taken as part of the new plan to industrialise Bangladesh. "We're also developing a number of hi-tech parks in the country for IT industries. Bangladesh offers competitive incentive packages for the investors in these zones and parks," she added.

Pointing out that Bangladesh has the most liberal investment policy, the prime minister said the country has been providing protection of foreign investment by law, general tax holiday, concessionary duty on import of machinery, remittances of royalty, and 100 percent foreign equity. She said, along with the garment sector, other industries like pharmaceuticals, ICT and shipbuilding are making significant progress.

Hasina said Gartner has billed Bangladesh as one of the top global destinations for software and IT services. Thousands of 'Made in Bangladesh' applications are running on iPhones, Samsung Galaxy, and other Android and Blackberry phones, she said. She said the country's IT companies and freelance IT professionals earn more than $360 million a year, while about 20,000 young IT graduates are joining the sector.

The prime minister said Bangladesh's shipbuilders have drawn global attention by making world-class light to medium-size oceangoing vessels. "The industry now commands 1 percent share of the $200 billion global market," she said.

The prime minister said Bangladesh is now on way to becoming a digitised, knowledge-based middle income country by 2021 and a developed one by 2041.

Mazen M Batterjee, vice chairman of Jeddah Chamber of Commerce & Industry, said trade and commerce between the two countries should be enhanced further. Mentioning that Saudi Arabia could be the second home of Bangladeshi businesses, Mazen said the chamber would send a business team to Bangladesh to explore business opportunities.

Referring to the Vision 2030 of the kingdom, he said emphasis has been given on enhancing international investment. Foreign Minister AH Mahmood Ali, FBCCI President Abdul Matlub Ahmad, and BGMEA President Siddiqur Rahman were also present.

$2.2b FDI came last year : UNCTAD report

Bangladesh received its highest ever foreign direct investment of $2.2 billion last year with the manufacturing sector getting the bulk of the investment, according to the United Nations. The FDI receipt was 44.1 percent higher compared to that of 2014, said the World Investment Report 2016 of the United Nations Conference on Trade and Development (UNCTAD). The report was published on its website on June21.

In South Asia, Bangladesh is ahead of Pakistan, Sri Lanka and Nepal but trails behind India, which was the 10th largest FDI recipient country in the world in 2015. India received $44 billion. Inflows to Pakistan and Sri Lanka declined to $865 million and $681 million respectively. In Nepal, FDI inflows rose by 74 percent to $51 million last year.

The report said FDI in the textile and garments industries remains strong in Bangladesh, so does FDI in power generation. Reinvested earnings in the country continued to rise, exceeding the value of the equity component.

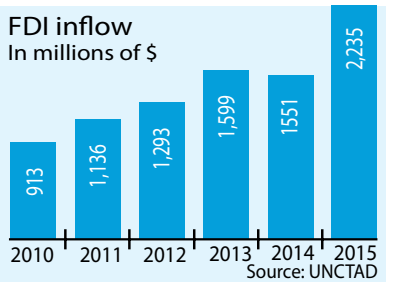
Bangladesh, in fact, became the largest FDI host in the subgroup of exporters reinvesting their earnings, as flows into Cambodia fell slightly. Adani Enterprises Ltd's investment plan involving $1,500 million and Reliance Power's $1,500 million both in the energy sector were among the 10 largest fresh projects announced in 2015. Despite the increased flow, FDI receipt to Bangladesh remains below 1 percent of the gross domestic product.

FDI outflows from Bangladesh rose slightly to $46 million last year from $44 million year ago. This year, the UNCTAD's report looks into global financial flows against the background of stalling global growth, falling commodity prices and geopolitical tensions. The report, titled "Investor Nationality: Policy Challenges", said globally, the recovery in FDI was strong in 2015, with foreign direct investment flows jumping.

A surge in cross-border mergers and acquisitions (M&As) was the principal factor behind the global rebound. However, part of the growth in FDI was due to very large corporate reconfigurations by multinational enterprises, including shifting their headquarters, for strategic reasons, it said.

Regulations on the ownership and control of companies are essential in the investment regime of most countries. The report provides insights into the ownership structures of multinational enterprises, analyses national and international investment policy practices worldwide, and proposes a new framework for handling ownership issues.

Global FDI flows jumped by 38 percent to $1.76 trillion in 2015, the highest level since the global economic and financial crisis began in 2008.



The United States topped the list of the countries receiving the highest amount of FDI, followed by Hong Kong, China, Ireland, the Netherlands, Switzerland, Singapore, Brazil, Canada and India. In South Asia, total inflows to South Asia increased by about 22 percent to $50 billion, surpassing FDI into West Asia.

The report said global FDI flows are expected to decline by 10-15 percent in 2016. Over the medium term, flows are projected to resume growth in 2017 and to surpass $1.8 trillion in 2018. Hindered by the current global and regional economic slowdown, FDI inflows to Asia are expected to decline in 2016 by about 15 percent, reverting to their 2014 level, it added.

Bangladesh a top choice in ADB financing

Bangladesh will remain a priority for the Asian Development Bank in its lending expansion plan for the next five years, said Hun Kim, director general of the South Asia department of the lender. "Now Bangladesh is a bright spot for the ADB. We are very optimistic about the country," Kim told The Daily Star on May 05 on the sidelines of the ADB's annual meeting in Frankfurt.

He said Bangladesh got $1.5 billion in financing from the ADB in 2015, and this year the lender will start a $1-billion railway project. "Fund is not a problem for Bangladesh; its capacity to absorb funds has to be increased." Kim also said Bangladesh has been on a higher growth trajectory. Bangladesh's capacity to utilise aid has increased significantly compared to its South Asian peers, he said.

"Bangladesh is a success story but it is not fully recognised; it is doing everything right in the region." The country has advanced a lot in industries and agriculture



sectors, creating jobs for its people. Bangladesh's textile sector is a bright example of success, he said. "We were a donor 20 years ago, but now we are partners," Kim said.

"The ADB is not formulating projects anymore for Bangladesh; the government is doing that and we are supporting their plans," he said, adding that the capacity of Bangladesh's bureaucracy has also increased substantially.

On regional cooperation and infrastructure deficiency, he said Bangladesh is at the centre of the South Asia region. "We have our mission to promote regional cooperation and we have discussed the issue in the meeting," he said.

The ADB is going to review investment projects next week in New Delhi to set priorities for the region. "You will feel the shift soon."

Kim suggested the government should make project proposals ready to get the loans disbursed quickly. The country should also diversify its export basket, he said. "The ADB is studying what Bangladesh can do after textile."

ADB signed $30m loan for garment sector
Brac Bank to disburse funds among companies

The Asian Development Bank has signed a $30-million loan deal with Brac Bank, which will be used to finance the construction and upgrade of garment factories in Bangladesh. The loans will also be used to build effluent treatment plants in the textile and garment industry, the ADB said in a statement on April 27.

Many factories still operate without effluent treatment plants, resulting in widespread water pollution, it said.

Water pollution is particularly hurting people in rural areas where communities rely on surface water for washing, bathing, irrigation and fishing. "Bangladesh has been taking steps in conjunction with the international community, to make its factories safer and to improve conditions for workers," said Biao Huang, investment specialist in ADB's private sector operations department. "But there is a substantial cost and a need for long-term funding that is not readily available from current sources."

"This loan, with a five-year tenor, will help meet the need for longer term finance currently unavailable from local banks and international capital markets, and will be used exclusively by Brac Bank to finance socially and environmentally sustainable projects."

Bangladesh is the world's second largest exporter of textiles and garments, accounting for over 80 percent of the country's merchandise exports in fiscal year 2014.

However, the industry has suffered setbacks after two disasters in recent years -- the Tazreen factory fire in 2012 and Rana Plaza building collapse in 2013.

In the wake of these events, the government entered into a compact with the European Union, the United States, and the International Labour Organisation to commit to improvements in building safety, labour rights, and business conduct. Separate Accord and Alliance agreements have also been signed by global apparel companies, global and Bangladeshi trade unions, and nongovernmental organisations to improve business conduct and worker safety.

Transforming the factories in line with the compact and other agreements, however, requires substantial outlays, with the cost estimated at around $250,000 to $400,000 per factory.

Given the lack of long-term funding available in Bangladesh, ADB's loan will enable Brac Bank to offer longer tenor financing to companies wanting to upgrade and improve structural, safety and social standards at their factories. The ADB will also be working with the bank on a rollout of a gender action plan, which will ensure factory upgrades reflect the needs of women.

WB to help Bangladesh remove barriers to growth

The lender approves country partnership framework for next five years

The World Bank Group on April 06 endorsed the new country partnership framework (CPF) for 2016-2020, focusing on the Group's technical and financial assistance to Bangladesh in three areas. "The CPF will help Bangladesh achieve its vision of reaching the middle income country status by 2021 from the current status of a lower middle income nation," the WB said in a statement.

Bangladesh achieved the status of a lower middle income country in 2015. The country is at an important juncture, and with right policies and timely action, it can move up within the middle income bracket. For that, Bangladesh will need to accelerate growth, the WB said. The lender's first priority will be to help Bangladesh remove bottlenecks to growth, shift more financing to increasing electricity supplies and improve transport connectivity.

The WB will also assist the country in expanding financial intermediation and increasing the ease of doing business. Fostering social inclusion will be the bank's second priority area, which will build on Bangladesh's impressive gains in human and social development. It will continue to support improving the quality and access to education and skills development, scale up health services, and widen access to clean drinking water and sanitation.

The WB will also support expanding social protection and help the poor get better jobs at home and abroad. The bank will lay emphasis on financing climate and environmental management. The statement said the bank's support will be aligned with the "adaptive delta management" principle, with the aim to enhance Bangladesh's resilience to natural disasters, improving water and natural resource management and modernising agriculture.

In the first year of the CPF, Bangladesh is going to get $1.3 billion in assistance from the WB which was $1.9 billion last fiscal year. A WB official said the amount of assistance to be given in the coming years will be decided later. In the new CPF period, overall assistance to Bangladesh will increase compared to that in the previous five years, the official added.

The World Bank

The new CPF will help Bangladesh create more and better jobs for the 2.1 million youths entering the job market every year, said the statement. It said the World Bank Group identified job creation as a prerequisite for reducing poverty and accelerating growth in Bangladesh. It will help the country address key impediments to higher and sustainable growth.

The CPF is aligned with the government's seventh five-year plan and the WB's systematic country diagnostic (SCD) for Bangladesh, which offers a comprehensive analysis of the country's development challenges.

The SCD identified five transformational priorities where a concerted effort could have the greatest impact on sustainable growth and job creation in the next three to five years energy, inland connectivity, regional and global integration, urbanisation, and adaptive delta management.

The WB board on April 06 also approved $130 million in additional financing to the "private sector development support project" to increase assistance to new economic zones in Bangladesh, as well as $50 million for the "pro-poor slums integration project" to pilot a community-based approach to improve living conditions in urban slums.

The WB says Bangladesh is the largest recipient of funding from the World Bank Group's International Development Association (IDA), which provides financing to the world's poorest countries. To date, the IDA has provided about $20 billion in development assistance since the early 1970s.

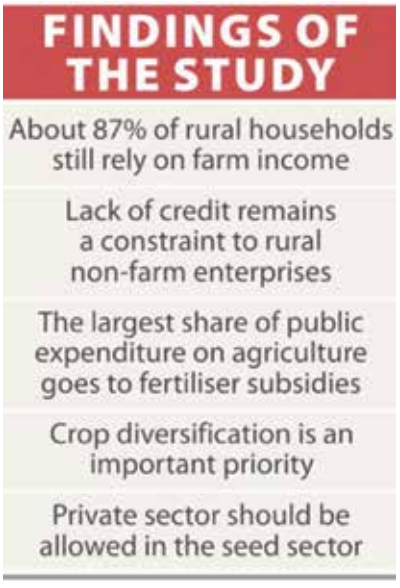
The CPF expands collaboration between Bangladesh and Bank Group institutions: financing will include soft loans and grants to the government from IDA, private-sector financing from the International Finance Corporation, and investment insurance from the Multilateral Investment Guarantee Agency.

The IFC provides a combination of investments and advisory services for sustainable private sector development in Bangladesh by investing in critical infrastructure, building competitiveness in priority sectors such as textiles and promoting financial inclusion.

Agriculture a Key Driver in Reducing Poverty in Bangladesh: World Bank

A 10 percent increase in farm income generates a 6 percent rise in non-farm income in Bangladesh, a recent study found. Subsequently, the study report advised the country to shift towards high-value agriculture, including horticulture, livestock and fisheries, as well as greater value addition to improve farmers'

income and household nutrition. The report Dynamics of rural growth in Bangladesh: Sustaining poverty reduction -- was conducted jointly by the Planning Commission and the World Bank. Khandker Mosharraf Hossain, minister for local government, rural development and cooperatives, unveiled the report at a programme at Cirdap auditorium in the capital on May 17.



Madhur Gautam, lead economist of the WB, who was the team leader for the study, presented the highlights on the report. The study found that the majority of the farm growth came from increased yields and, more precisely, through total factor productivity. Agricultural research and policy reforms also contributed to the growth.

Bangladesh has raised agricultural productivity significantly in the last few decades, said Qimiao Fan, the WB's country director for Bangladesh, Nepal and Bhutan. "It is remarkable that with so many people and so little arable land, the country has been able to provide sufficient food to almost everyone," he added.

Yet, there is no room for complacency for Bangladesh as the agriculture sector has not been diversified enough to meet the shifting demands, improve nutrition and adapt to changing climate, the report said. The WB said diversification is an important priority for Bangladesh given the changing consumption patterns and the need to improve nutritional outcomes.

"A step in this direction would be to remove the remaining regulatory constraints to private sector participation in the seed sector to inject new technological vigour," the report said. Rice dominates the crop sector and has driven much of the growth in agriculture productivity, the study found.

The country needs to invest more in research on non-rice crops, livestock and fishery as well as infrastructure to support the shift towards high-value agriculture. The report went on to urge the government to adopt strategies to promote more robust development of the rural non-farm economy, which is growing slowly for rising road connectivity and declining arable land.

"An emerging concern is that the rural non-farm activities do not seem to be growing in scope or sophistication over time," said the WB. Many rural non-farm activities are linked to agriculture, be it processing, trading or food preparation. But the conundrum is that they are not progressing much from basic to more sophisticated ones.

Gautam said Bangladesh now needs upgraded market facilities, increased investments in roads to connect secondary cities, improved rural logistics and access to finance to move to the next level, with more modern and efficient supply chains.

"These improvements will help increase income and productivity, and they are especially important as Bangladesh transitions to a more modern food system involving high-value products and greater value additions," he added. The report found that a lack of credit and infrastructure still remains a binding constraint to the rural non-farm enterprises.

"But the good thing is that the cartelisation of markets by few powerful traders fleecing farmers or other forms of uncompetitive behaviour has come down significantly," said the report. Hossain said, though agriculture will continue to play a vital role in the rural economy, there is huge scope for improving non-farm activities. He also stressed the need for smooth connectivity and transportation system in rural areas.

Bangladesh gets $217m from WB to upgrade power plant

The government on April 7 signed a $217 million financing agreement with the World Bank to upgrade Ghorasal power station, more than doubling the generation capacity of one of its units. A repowering project will transform a gas-fired steam unit, which is currently generating 170 megawatts, into an energy-efficient 409MW plant.

Such a conversion to combined cycle technology will increase the plant's overall efficiency from an existing 30 percent to 54 percent while requiring only 18 percent more natural gas, the WB said in a statement.

"Bangladesh can grow its economy much faster and reduce poverty significantly if its energy infrastructure can meet demand for reliable, low-cost electricity," said Rajashree Paralkar, the WB's acting country director for Bangladesh. "The project will increase efficiency in gas utilisation of an existing unit, while adding new generation capacity to address the country's severe power needs."

The project will also reduce the specific fuel consumption per gigawatt/hour by 44 percent and lower greenhouse gas emissions. In

addition, the project will provide capacity building and institutional support to Bangladesh Power Development Board.

Kazi Shofiqul Azam, additional secretary of the Economic Relations Division, said the government has prioritised improving the efficiency of gas-based power plants, given the shortages in natural gas production. The repowering of the unit will quickly add new generation capacity without adding major infrastructure costs for fuel supply, he said.

Kazi Shofiqul Azam and Rajashree Paralkar signed the agreement at the ERD.

With this credit, the WB's total support to Bangladesh's power sector passes $1.7 billion. In 2015-16, the WB committed more than $773 million in new financing to Bangladesh. The credit from the WB's International Development Association has a 38-year term, including a six-year grace period and a service charge of 0.75 percent.

WB-aided project creates 5,500 jobs

The Private Sector Development Support Project, through which the World Bank along with UK-DFID and IFC is supporting Bangladesh's economic zones and hi-tech parks, has so far helped create about 5,500 jobs. In the last two years, Bangladesh Economic Zones Authority and Bangladesh Hi-Tech Park Authority awarded licences to 16 economic zones and hi-tech parks and assessed 33 sites, completed feasibility studies and master-plans for new zones.

Beza has issued licences to 11 private zone developers, including a licence to Mongla Economic Zone to be built on public-private partnership. The tendering process for the development of economic zones in Mirshorai, Shrehatta and other locations has started. Beza has also assessed 12 sites and drafted another nine economic zones.

PSDSP has also supported the green zone initiative of Bangladesh Export Processing Zones Authority, which includes solar lighting in Chittagong Export Processing Zone, the setup of an environmental laboratory, and ISO 14001 certification to 21 enterprises. Business registration time has been reduced from 44 days to 8 days. Bepza has developed and implemented a one-stop shop system for registration, export and import licensing, customs clearance, and other regulations in their EPZs.

The construction of the Kaliakoir Hi-Tech Park is progressing rapidly. The regulator has licenced two hi-tech parks under public-private partnership and seven private hi-tech parks. The process of licensing two additional PPP parks has started. A total of 11,457 people have received industry-specific training or certification and 52 firms now comply with international quality standards (ISO 9000 or equivalent).

Guidelines for private IT parks have been formulated and two private software technology parks have been declared and three firms have started operation in the Janata Tower STP. The WB has approved an additional $130 million to expand its support for Bangladesh in establishing economic zones, taking the total amount to reach $250 million.

"The additional support will scale up project achievements and put greater emphasis on quality, social and environmental standard compliance within the zones," the WB said in a statement on May 23.

The fund will also directly support the government's target to set up 100 zones in the next 15 years to contribute to the national jobs agenda under the Private Sector Development Support Project or PSDSP.

"Economic zones attract domestic and foreign investment, create jobs and help accelerate growth."

Better skills to produce more jobs in apparel: WB

Bangladesh can create millions of jobs in its garment sector by raising productivity of people and improving social and environmental compliance, the World Bank said in a study on May 02. Currently, the country's garment sector employs 4.4 million workers, 80 percent of whom are women. A 1 percent increase in Chinese apparel prices could hike firms' demand for female labour by 0.44 percent in Bangladesh, and a 1 percent increase in output could raise firms' labour demand by about 0.3 percent, according to the study.

It also said a 1 percent increase in Chinese apparel prices could boost the demand for Bangladeshi apparel items in the US by 1.36 percent.

China is the largest apparel supplier having a 41 percent global market share; Bangladesh is the second largest with a 6.4 percent share. Bangladesh is likely to be benefitted from the shift of work orders from China, as the economic giant is losing its market share due to higher costs of production.

The WB said a 1 percent increase in apparel output is associated with a 0.3 to 0.4 percent hike in employment for both men and women in Bangladesh, Pakistan and Sri Lanka. These results suggest the sector has greater potential for job generation in South Asia in response to an increase in exports than other industries, especially for women.

The study findings also suggest a significant employment generation potential for both males and females in all four South Asian countries

Bangladesh, India, Pakistan and Sri Lanka for export to the US markets. However, Sri Lanka is the big winner in respect to the EU market. The study also found that, for the US market, a 10 percent increase in Chinese apparel prices would raise apparel employment in Pakistan for males by about 8.93 percent, followed by Bangladesh with 4.22 percent, India 3.32 percent and Sri Lanka less than 1 percent.

For the EU market, a 10 percent raise in Chinese apparel prices would increase apparel employment in Sri Lanka for males by 8.55 percent, followed by India with 4.30 percent, with Bangladesh and Pakistan experiencing small decrease.

The study Stitches to Riches? Apparel employment, trade, and economic development in South Asia was conducted with data from 2012. The WB Bangladesh office shared the findings of the study at a seminar at the Bangladesh Institute of Development Studies (BIDS) office in Dhaka. The WB report highlights that Bangladesh needs to improve performance on non-cost factors important to global buyers. Successfully implementing reforms will help Bangladesh increase exports and capture more jobs from China's gradual exit from the clothing market and compete with Vietnam, Cambodia and Indonesia. For the US market, a 10 percent increase in Chinese apparel prices would raise apparel employment in Bangladesh by 4.22 percent.

In Bangladesh, the industry is dominated by local firms, but foreign direct investment played a central role in launching the industry, providing linkages to foreign buyers, technology, and knowledge transfer, the study said.

"Its apparel firms produce large quantities of clothing at low costs, largely due to its low wage rates. Firms mostly specialise in low-value and mid-market price segment apparels -- trousers, knit and woven shirts, sweaters/sweatshirts -- and have not penetrated the high-end clothing markets so far," according to the study.

Competition is increasing in the global apparel market with buyers moving towards greater consolidation in sourcing decisions and the impending approval of the Trans-Pacific Partnership, said Gladys Lopez-Acevedo, co-author of the report and a lead economist for the World Bank.

"Bangladesh should capitalise on its position as a regional leader and implement policies to improve the quality of its products. Bangladesh should focus on sustaining the creation and expansion of good jobs, bringing more women into the workforce and diversifying its products and end markets to increase skills and value," said Acevedo, who presented the findings at the seminar.

The WB study said Bangladesh has many policy options to increase exports. For improved product quality and diversity, reducing import barriers to manmade fibres is essential. Bonded warehouses, duty drawback, cash subsidy, and export processing zones could also help. To improve compliance and better safety standards, one potential option could be to encourage the relocation of firms into export processing zones, the study said.

WB gives $176m for agriculture

The World Bank will provide $176.06 million in low-cost loans to Bangladesh to help the country increase its agricultural productivity and create access to markets for more than one million poor farmers, particularly women. The multilateral lender on May 24 signed a financing agreement to this effect at the Economic Relations Division in Dhaka under the Second National Agricultural Technology Programme.

The scheme will help increase and diversify productivity of crops, livestock and fisheries, and enhance poor farmers' access to markets. The project will also enhance nutrition by ensuring food safety and more diversified food consumption. By emphasising demand-driven research and modern agricultural technology, the project will increase farm yields and adaptation to climate change, the WB said in a statement.

The project will be implemented in 57 districts where it will benefit small-scale farmers through stronger linkages with research, agricultural extension services, farmer groups, and on-farm demonstrations to promote improved agricultural technologies. The project will focus on training for farmers and agricultural extension field staff to ensure knowledge sharing and technology transfer.

WB gives $130m for economic zones

The World Bank gave Bangladesh $130 million in new credit to help develop new economic zones as the country seeks to attract foreign and domestic investment and create more jobs in the manufacturing sector. The government signed an additional financing agreement with the Washington-based lender at the Economic Relations Division in Dhaka on June 19. With this additional financing, the WB's support to the project stands at $170 million.

The additional financing to the "private sector development support project" will help develop new economic zones through identifying, licensing, and negotiating public-private partnership, the WB said in a statement. In the last two years,

the project helped with the licensing of 16 economic zones and hi-tech parks, and with the assessment of 33 new sites for development as economic zones over the next several years.

The financing would directly contribute to the government's vision of establishing 100 zones over the next 15 years and promoting socially and environmentally responsible industrial growth for the country, according to the World Bank.

The WB said the financing would promote female participation in the manufacturing sector, and provide facilities such as childcare centres and counselors to address workplace safety, labour, and environmental issues inside the zones. Furthermore, independent semi-annual audits will ensure that all structures comply with building codes. The financing will also expand support to environmental standards compliance and certification for local firms even outside the zones.

Bangladesh can accelerate growth using youth bulge: UNDP report

Bangladesh is now a home to 10.56 crore of working-age people, creating an excellent opportunity for the country to accelerate its growth by properly utilising the demographic dividend. According to UNDP's Asia-Pacific Human Development Report 2016, the proportion of working-age people (15 to 64 years, and 66 per cent of its total population) in the country will increase to 70 per cent or nearly 13 crore of people by 2030.

The report also says the number of old (60+) population is now 7 per cent in the country which will triple to 22 per cent by 2050. Speaking at a press conference at a city hotel on April 26, Thangavel Palanivel, chief economist and senior strategic advisor UNDP's Regional Bureau for Asia and the Pacific, said Bangladesh is having a youth bulge now with 19 per cent of people aged between 15 and 24.

'The future of the country depends on how it can build on the skills of youths to enable them to help themselves, and contribute to the development of the country.' He said a demographic change in Asia and the Pacific happening at a rate the world has never seen. 'Asia-Pacific countries now have more working-age people and fewer dependents than at any point in the history, providing a springboard for growth. The region-wide 68 per cent of people are working-age and only 32 per cent are dependents.'

'When the countries have greater share of people can work, save and pay taxes, they have potentials to transfer their economies and power investments in healthcare, education, and other building blocks of future prosperity said Thangavel Palanivel. Earlier, Haoliang Xu, a UN assistant secretary general and UNDP



Regional Bureau for Asia Pacific director, launched the report, titled 'Shaping the Future: How Changing Demographics Can Power Human Development'.

He along with UN residential coordinator and UNDP residential representative Robert Watkins presented the report to Prime Minister' s economic affairs adviser Mashiur Rahman. The report says Bangladesh and other countries in the region should spend more on education and healthcare. At the press conference, Thangavel, also the lead author of the report, said there are many challenges for Bangladesh government to utilise this demographic opportunities as the degree of unemployment is high in the country and a large number of people are working in the informal sector.

He said Bangladesh should increase its investment for bringing more people to the labour market by providing training and taking other steps for creating skilled man power. 'Bangladesh needs to create more descent jobs ensuring higher wages and productivity.'

The UNDP economist said the country also needs to get well-thought-out policies in place for the best use of the demographic dividend and prepare for the coming challenges.

Haoliang said if Bangladesh and other countries in the region do not start planning for this demographic change, they will miss out on a unique opportunity to boost growth and investments for the future. He said as huge number of working-age population is coming into the market, Bangladesh needs to expand the number of its industries, including export-oriented ones on leather, pharmaceutical textile and other sectors, to capture the market and unlock the potentials of demographic change.

Haoliang said though Bangladesh has made noteworthy progress in primary education, challenges remain for secondary and tertiary education. 'More resources should be spent on education especially for higher levels to build the future of youth so that they get descent jobs.'

Bangladesh secures Tk 517cr in first loans from China-led AIIB

Bangladesh will get Tk 517 crore or $66 million in loans from the Asian Infrastructure Investment Bank for two power distribution projects -- the first loan for the country from the China-led development bank. The projects at a total cost of Tk 821 crore were approved at a meeting of the Executive Committee of the National Economic Council (Ecnec) in Dhaka on May 24 and will help improve the transmission lines of the country.

Under the projects, Dhaka Electric Supply Company Ltd will upgrade two existing substations and install 33kV distribution lines underground in urban areas. The first project will upgrade grid substations and overhead distribution lines. It will cost Tk 569 crore, of which Tk 359 crore will come from the AIIB.

Another project is for replacing the small inefficient transformers and air-insulated switchgear systems at Bashundhara and Uttara grid substations with larger efficient transformers and gas-insulated switchgear systems. The cost of the second project is Tk 251 crore, of which the AIIB will provide Tk 158 crore.



The interest rate of the AIIB loan will be linked to the repayment period. It will be LIBOR plus 0.80 percent to 1.4 percent, according to the finance ministry. The repayment period will be eight years to 20 years. If the repayment period is eight years then the interest rate will be LIBOR plus 0.80 percent. If the repayment period is 20 years then the interest rate will be LIBOR plus 1.40 percent, according to the ministry.

Another proposal for Bangladesh Rural Electrification Board might be placed at the AIIB board meeting (will be held at 25-26 June) after the project is approved by the Ecnec. Governors and representatives from the bank's 57 founding signatories along with invited observers from international partners will participate in the meeting. The AIIB, a new global multilateral financial institution, was formally established in December last year.

Despite opposition from Washington, US allies including Britain, Germany and South Korea are among the AIIB's 57 members. The bank expects to lend $10-15 billion a year in its first five or six years.

Bangladesh rating outlook stable: Standard & Poor's

Global credit rating agency Standard & Poor's on May 31 reaffirmed a stable outlook on Bangladesh, due to healthy growth prospects and an improving external profile against fiscal weaknesses and development needs. The US-based financial services company assigned "BB-" long-term and "B" short-term sovereign credit ratings on the country.

"The ratings on Bangladesh reflect the country's low economic development and limited fiscal flexibility owing to a combination of constrained revenue-generation capacity and the spending pressure associated with a significant shortage of basic infrastructure and government services." Bangladesh has received the same rating and outlook from S&P since it first rated the country in 2010.

It said although Bangladesh's external debt is low, the country faces the vulnerabilities of a low-income economy, fiscal constraints, and heavy development needs. The country's volatile political setting combined with administrative and institutional weaknesses represent additional rating constraints, added the agency.

S&P said low economic development, as represented by per capita GDP of $1,370 for 2016, is the country's main rating constraint. "This income level offers a weak and narrow revenue base, in turn limiting the fiscal and monetary flexibility needed to respond to exogenous shocks." Nevertheless, the rating agency said, Bangladesh's real per capita GDP growth of about 5.4 percent is healthy and in line with peers' at this income level.

Despite numerous structural impediments to growth, in particular the shortage of electricity, the economy has a record of steady growth with little fluctuation. That said, the high dividend payouts in comparison to foreign direct investments suggest little earnings are retained due to the difficult business operating environment.

Combined with a weak institutional setting and infrastructure deficiencies, Bangladesh's foreign direct investment has remained persistently low. Economic activity has resumed since the last opposition party-led strikes in early 2015, said S&P. "However, the confrontational stance between the incumbent Awami League and the opposition Bangladesh Nationalist Party harbors the potential for conflict, as highlighted in the government's recent violent crackdown of pro-opposition activists."

On the fiscal front, Bangladesh tends to run moderate deficits. S&P forecast the change in general government debt will average 2.7

percent of GDP annually over fiscal 2016-2019. However, many basic social and infrastructure needs remain unmet, implying the need for higher outlays over the longer term.

Although the government's debt burden is low, with net general government debt 23 percent of GDP as of the end of fiscal 2016, its high interest expense at 17.5 percent of revenues limits fiscal flexibility, the company said.

The government's increasing use of a costlier national savings certificates scheme rather than commercial borrowings suggests that its debt-servicing ratio will not necessarily fall even if there is fiscal consolidation. In addition, almost half the total government debt is denominated in foreign currency. Nevertheless, the availability of official concessional funding tempers the negative effect of high foreign currency exposure.

The rating agency sees moderate risk of contingent liabilities from public sector enterprises because of the government's significant exposure to loss-making state-owned enterprises. The total debt of state enterprises stands at close to 10 percent of GDP. "Should this contingent liability materialise, it could add substantially to government debt," said the agency. It also stated that Bangladesh's narrow revenue base limits the government's flexibility to mitigate the effect of economic downturns or other shocks.



The country has only 2 million registered taxpayers out of a population of 160 million. General government revenue was a low 9.8 percent of GDP in fiscal 2015. Numerous initiatives are underway to expand the tax base, most notably the plan to reform the complicated value added tax (VAT) system. The government has set a target to standardise the VAT rate at 15 percent by July 2016. However, the plan has been repeatedly delayed over the past years, said S&P.

"We view Bangladesh's monetary assessment as below average. The central bank's limited independence, multiple mandates, and underdeveloped capital markets hamper monetary flexibility." It said Bangladesh's real effective exchange rate has been rising sharply, reflecting the currency depreciation of its trading partners. "Should this persist, it could strain the competiveness of its export garment sector."

Bangladesh's low external borrowings support the ratings. Remittance inflows averaging 8.8 percent of GDP over the past three years and an internationally competitive garment export sector generally ensure current account surpluses. Foreign exchange reserves as of end April 2016 stood at $29 billion, equivalent to an estimated six months of imports.

Bangladesh's external profile draws substantial donor support, ensuring that the bulk of public external debt is low-cost borrowing with long maturity. Additionally, donors and multilateral lenders condition policy formulation and provide direct budgetary support, the rating agency noted.

Fitch affirms stable outlook for Bangladesh

Fitch, a leading global credit rating agency, has maintained its 'BB-' rating for Bangladesh, due to its foreign currency earnings and high and stable real economic growth.



Strong and relatively stable foreign currency revenue from remittances and garment exports support the external balances and overall credit profile, the New York-based agency said on April 19.

Exports have only been moderately affected by the current global trade slowdown, growing at 5.9 percent over the year to January 2016, compared with 9 percent a year earlier. Remittances also remained strong at $15 billion on an annual basis in February 2016, dwarfing the roughly $3 billion annual inflow of foreign project-based aid. At the same time, weak global conditions imply downside risks to foreign demand for exports and Bangladeshi workers abroad.

Inflows, combined with Bangladesh Bank's foreign exchange interventions aimed at keeping the taka relatively stable against the dollar, have led to a build-up of foreign reserves to a record high of $28.3 billion in March 2016. The authorities' macroeconomic track record was strengthened by Bangladesh's successful completion in October 2015 of its Extended Credit Facility arrangement with the International Monetary Fund.

Real GDP growth remained relatively strong and stable over the past years, even during times of political turmoil and natural disasters. Bangladesh's five-year average real GDP growth of 6.3 percent is high relative to the 'BB' category median of 4 percent, Fitch said. The agency expects growth to reach 6.7 percent in the year to June 30, 2016 and 6.8 percent in the next fiscal year, which is slightly below the government's forecasts of 7.1 percent and 7.2 percent respectively.

Increased purchasing power from public sector wage hikes and monetary policy loosening in January 2016 should support the growth, it said. Inflation is also relatively high in comparison to peers, averaging 6.1 percent in the first eight months of the current fiscal year, but close to the government's target of 6.2 percent.

The return to relative calm after political violence erupting in the first quarter of 2015 is positive, but political risk remains substantial. Continued strong political polarisation could again lead to widespread violence and blockades, especially near the time of parliamentary elections, which will be held no later than January 2019.

"Political turmoil or terrorism could inflict long-term economic harm if it deters foreign investors and buyers, especially of readymade garments, from doing business in Bangladesh," Fitch said. Bangladesh scores poorly on a broad range of structural indicators, including the World Bank's governance indicator (23rd percentile versus the 'BB' median of 45th percentile). The difficult business environment is illustrated by the country's 174th ranking out of 189 countries in the WB's Ease of Doing Business report.

Bangladesh reached the WB's lower middle-income status in July 2015, but GDP per capita of $1,291 remains well below the 'BB' peer category median of $4,087. Government debt of 33.7 percent of GDP in fiscal 2014-15 compares well to the 'BB' median of 42.5 percent.

HIGHLIGHTS

- Macroeconomic track record strengthened by successful completion of IMF's extended credit facility
- GDP to grow 6.8pc next fiscal year
- Implementation of new VAT law will likely boost revenues
- Political turmoil or terrorism could inflict long-term economic harm
- Banking sector's health and governance standards are generally weak

However, the government's revenue intake of 9.8 percent of GDP is the second lowest of the 113 rated sovereigns after Nigeria, implying limited fiscal space to boost badly needed infrastructure development. The rating agency said the implementation of the new VAT law, planned for mid-2016, is likely to boost revenues. However, the impact will depend on the final tax rate and the degree of tax compliance.

It said the risk of banking sector contingent liabilities crystallising for the sovereign is substantial, although the small size of the banking sector, with loans of just 35.9 percent of GDP, would moderate the impact. "The sector's health and governance standards are generally weak, particularly in public sector banks." Non-performing loans remained high for the banking sector as a whole at 8.8 percent in the fourth quarter of fiscal 2014-15 and 21.5 percent for public sector banks.

Recent changes in the Bangladesh Bank's leadership after the theft of $101 million of its foreign reserves may impact banking sector policies. To step up the rating, Bangladesh will have to improve governance, which would strengthen the business climate and could enhance banking sector health, and sustained stronger real GDP growth, which would bring GDP per capita more in line with peers.

This could be, for instance, supported by a political environment that is more conducive for economic activity. On the other hand, protracted substantial economic disruption from materialising political risk and deterioration in the banking sector's asset quality could trigger negative rating action, according to Fitch.

E-procurement, spending on health care could save huge money: study

Spending 1 per cent of the country's national budget on smarter policies like e-procurement, digitalisation of land records and healthcare could make Bangladesh Tk 3.7 trillion better off, according to a study. The study, Smarter Solutions for Bangladesh, was conducted by Copenhagen Consensus Center in cooperation with Brac's research and evaluation division.

The study showed that the government spends Tk 72,000 crore for annual procurement while an e-procurement system could help the government to save Tk 5.274 crore a year. The study also pointed out 72 priority sectors, among initial 1,000, for implementing smart policies including making Dhaka more liveable, enhancing higher secondary education opportunities for girls, nutrition for pregnant women, and vaccination of the slum children.

Investing on child health would allow the government to create skilled manpower for the future and the government could have saved Tk 600 crore from the manpower sector. Speaking on the occasion, Nobel laureate economist Finn Kydland said Bangladesh is the first country in the world which cooperated with Copenhagen Consensus Center to conduct this research.



The study project engaged with countless Bangladeshis, putting more than 1,100 pages of peer-reviewed and Bangladesh-focused researches into the public domain. The study was launched at BRAC Centre in the city on May 12.

Bangladesh's per capita income rises to $1466

The per capita income in Bangladesh will increase by 11.39 percent to $1,466 this fiscal year, according to the Bangladesh Bureau of Statistics. It was $1,316 in the last fiscal year, Planning Minister AHM Mustafa Kamal said at a meeting of the National Economic Council on April 05.

Alongside an increase in the gross domestic product (GDP), the per capita income also soared, said officials of the BBS, adding that they estimated the GDP growth to be 7.05 percent by the end of this fiscal year in June. The Gross National Income (GNI) was Tk 18,314,994 million ($2,343 million) this fiscal year when the population was 159.9 million.

This will be seen as a giant leap for the country towards becoming a middle-income nation after being bracketed with low-income nations for decades. Bangladesh was elevated from the low income status to lower middle income nation last year, meeting the World Bank's requirements comfortably.

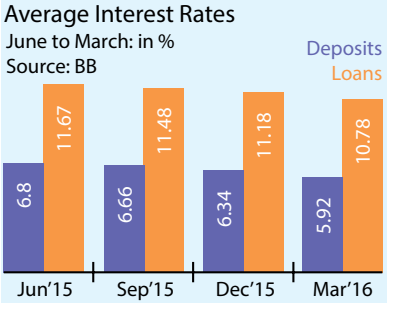
The development came against the backdrop of the country achieving higher per capital income amid a stable economic growth. The WB used 2014 data to determine this year's ranking. On July 1 each year, the WB revises the income classification of the world's economies based on the GNI per capita of the previous year.

Bangladesh's per capita income was $1,080 in 2014, higher than the Washington-based lender's set threshold of $1,045.

Private sector credit growth beats target

Private sector credit growth has surpassed the target set in the central bank's monetary policy -- three months ahead of the end of the fiscal year. The growth was 15.16 percent in March, which is 0.16 percentage point higher than the target, according to central bank statistics. The BB in its Monetary Policy Statement (MPS) set the private sector credit growth at 15 percent year-on-year by June 30 this year.

The credit growth also rose over the same period last year; on March 15 last year, the credit growth was 13.6 percent. The central bank said the credit growth was below 14 percent last fiscal year, while the country's economic growth was 6.5 percent.



"A provision of 14.8 percent private credit growth appears to be adequate to support close to 7 percent output growth for the current fiscal year," the central bank said in the MPS.

The growth in gross domestic product would be 7.05 percent this fiscal year, according to provisional estimates by Bangladesh Bureau of Statistics. The central bank in the MPS also cut the policy rate by 50 basis points and gave the banks a signal to lower the rate of interest and increase the amount of investment.

Bangladesh can widen its global textile market: ITMF DG

Bangladesh right now has a great potential to expand its share in the global textile market by capturing the space being vacated by the China production undergoing a shift in its focus, said International Textile Manufacturers Federation director general Christian Schindler.

China is focusing more on higher value-added products and less on basic textile due to a rising trend in labour cost, Schindler explained.

He was speaking at a meeting on April 24 between the ITMF and Bangladesh textile manufacturers at a city Hotel in Dhaka. According to the ITMF DG, Bangladesh has to improve its textile manufacturing infrastructure by incorporating cutting edge machinery and introducing the latest technology, and also by ensuring a sustained supply of power, energy, and qualified manpower to tap this marketing opportunity the most.

Citing statistics of textile machinery shipment, Schindler said Bangladesh is one of the five biggest investors in short-staple spindles, shuttle-less looms, circular knitting machines, and electric flat knitting machines.

Schindler suggested developing local brands and retail supply chains targeting a bourgeoning middle class in the country that would help ensure a sustainable growth in the textile sector.

The ITMF director general reported that the per capita consumption of textile products has declined in the developed countries the last decade, but, on the contrary, it has increased in Asia. 'Now the first choices of the consumers in the developed



countries are electronic devices, holyday spots, savings and insurance, while textile is a secondary choice, obviously excepting the luxury items,' Schindler told the meeting.

He said the textile production is moving towards manmade filaments of synthetic fibres, as the fibres offers more scope to make improved functional clothing. Cotton is losing its share everyday in the global textile market, while the demand for polyester filaments has been on the rise due to their easy production process at lower costs, Schindler added.

According to the ITMF statistics, cotton's share in the textile production is only 28 per cent compared to the 72 per cent share grabbed by synthetic filaments. The world fibre production in 2014 stood at 88.6 million tonnes, of which cotton accounted for only 26.1 million tonnes. The ITMF director general said it is easy to control the quality and quantity of production any time and therefore offers many advantages to the supply chain management and pricing. Schindler thought the use of manmade fibres would increase more in China, India and Bangladesh, but the cotton fibre would in no way leave the scene as many efforts have been taken globally to improve fictionalisation of cotton fibre.

He said the domestic markets of the countries are promising and the per capita fibre consumptions would be increasing, as all the emerging countries are appending a new and bigger middle classes. The ITMF data shows that the import of machinery in the Bangladesh textile sector has increased in the last couple of years, while shipments of such the machinery to China have been going down in some specific areas.

According to the data, shipments of electric flat knitting machines to China and Bangladesh were almost same in 2015. In the year, a total of 35,500 units of electric flat knitting machines were shipped to China compared to 33,000 units to Bangladesh.

The ITMF forecast a strong growth in apparel sales in Asia, and said in terms of retail consumption, the apparel market size of China and India in 2025 will be $740 billion – higher than that of the US and the EU. Currently, the apparel market size of China and India is $250 billion (retail value).

The ITMF DG thinks there are two factors fuelling consumption – one is the growing global economy and the other is the population growth.

Germany to provide €139.5m in loans, grants to upgrade Bangladesh's power transmission

Germany is providing 139.5 million euros in loans and grants to Bangladesh to improve its power transmission system. Bangladesh and KfW Development Bank of Germany signed two agreements in Germany on May 4 to support the improvement of power transmission. Mohammad Mejbahuddin, senior secretary of the Economic Relations Division, and Claudia Arce, KfW's director for South Asia, signed the deals, the German Embassy in Dhaka said in a statement on May 04.

The ceremony was attended by Finance Minister AMA Muhith and Hans-Joachim Fuchtel, parliamentary state secretary of the German federal ministry for economic cooperation and development. The financing package consists of a concessional loan of 137.5 million euros and a grant of 2 million euros.

It is the single biggest project that is being supported financially by the German government for Bangladesh, according to the statement. The project prioritises the extension of existing and construction of new transmission lines and substations across Bangladesh. The purpose of the project is to contribute to a reliable and efficient supply of electricity in the national grid by improving the 230 kV and 132 kV transmission systems.

After signing the agreement, both sides expressed that the existing friendly relation between the two nations will reach new heights in the days ahead. Germany has a long history of supporting the energy sector of Bangladesh, providing strategic assistance for socio-economic development since cooperation began in July 1972, soon after independence of the country.

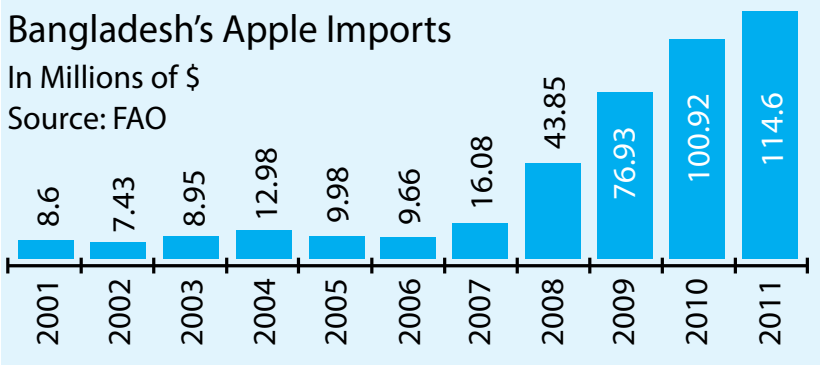
In the last six years, Bangladesh has doubled its power generation capacity and actual production, but it still faces issues with its transmission lines.

Bangladesh imports about $100m of apples a year: report

Bangladesh has emerged as a robust market for apple producers due to rising demand for the imported fruit in the absence of local production, said the United States Department of Agriculture. The country's import of apples was 140,000 tonnes a year on average between 2009 and 2014 and the value grew from $68.8 million to $103.5 million, the USDA said.

"While Bangladesh is generally viewed as a price-sensitive market, there are niche segment opportunities. The middle to upper class consumers are gradually demanding more diversified foods, including imported fruits such as fresh apples," the USDA said in a recent report, Robust Apple Export

Market: Potential for Growth. The USDA, citing industry sources, said it took approximately one month to sell 15 to 20 containers of apples in 1991. Today, an estimated 21 containers are sold per day. The Food and Agriculture Organisation's data also shows a rising trend in apple import by Bangladesh. Import of the fruit grew more than four times to 142,886 tonnes in 2011 from that in 2001, according to the FAO.



The value of imports rose 13.55 percent to $114.6 million in 2011 from the previous year, according to data from FAO.

"Demand for fresh apples is robust in both urban and rural markets, especially with the middle and upper income consumers," said the agency.

Dhaka is the consumption hub and absorbs around 30 percent of the imported fruit while Chittagong consumes 15 percent. Modern retail outlets, high-end hotels and restaurants, fuel this rising demand but the unorganised sector, including push carts, street vendors, corner shops and weekly markets, constitutes the majority of food retail sales," it said.

The report pointed out that the top 20 percent of the population in terms of income accounts for 41.4 percent of total consumption. The USDA said a variety of tropical and sub- tropical fruits are grown in Bangladesh but the country produces no apples. Bangladesh imports the fruit from China, India, South Africa, Brazil, New Zealand, and Argentina. China and India are the largest suppliers of fresh apples, constituting 68 and 9 percent of total market share here, because of geographical proximity.

From 2009 to 2014, imports from countries such as South Africa and Brazil have increased, at a compound annual growth rate of 2.9 and 4.1 percent, according to the report. "Because of this demand, the US industry should consider exploring potential market opportunities for all US apple varieties, especially in more urbanised markets such as Dhaka and Chittagong," said the USDA.

The USDA said high tariffs generally prohibit higher quality, more expensive fruits from entering the Bangladesh market, although as incomes rise, demand for higher quality fruits will also grow.

Press Freedom Index Bangladesh moves two notches up

Bangladesh has moved two notches up to the 144th place among 180 countries in this year's World Press Freedom Index. Paris-based Reporters Sans Frontières (RSF), in its flagship annual report released on April 20, however, voiced serious concern over the state of freedom of expression in the South Asian country.

"In Bangladesh, it is a bad idea to criticise the constitution or Islam, the state religion. Journalists and bloggers who refuse to submit to censorship or to censor themselves on these subjects risk life imprisonment or the death penalty," observed the RSF, an organisation that promotes the cause of free press.

"Outspoken secularists are also targeted by Islamist militants. The media are nonetheless quite diverse and fairly outspoken on less sensitive issues." The index reflects the intensity of the attacks on journalistic freedom and independence by governments, ideologies and private-sector interests during last year.

Despite the two-notch elevation, Bangladesh's position is the lowest, except Pakistan's, in the South Asian scene. The index has placed Pakistan in 147th position, Sri Lanka in 141st, India in 133rd, Afghanistan in 120th, Nepal in 105th and Bhutan in 94th. Analysing the overall global press freedom scenario, the RSF said it is "indicative of a climate of fear and tension combined with increasing control over newsrooms by authoritarian and oppressive governments and private-sector interests."

The 2016 edition of the World Press Freedom Index shows that there has been a deep and disturbing decline in respect for media freedom at both the global and regional levels.



The RSF prepares the index calculating points based on violation of media freedom. The higher the figure, the worse is the situation. The global indicator has gone from 3719 points last year to 3857 points this

year, a 3.71 percent deterioration. The decline since 2013 is 13.6 percent. Bangladesh has scored 45.94 points compared to 8.59 points scored by the top-ranked country Finland and 83.92 points allocated to the bottom country, Eritrea, in the list. Bangladesh ranked 146 in last year's index.

This year's five highest ranking countries are Finland, Netherlands, Norway, Denmark and New Zealand while the five lowest ranked countries are Eritrea, North Korea, Turkmenistan, Syria and China. The Index shows that Europe (with 19.8 points) still has the freest media, followed distantly by Africa (36.9), which for the first time overtook the Americas (37.1), a region where violence against journalists is on the rise.

Asia (43.8) and Eastern Europe/ Central Asia (48.4) follow, while North Africa/Middle East (50.8) is still the region where journalists are most subjected to constraints of every kind. Among the major world powers, the United States' ranking, which suffered a huge slide (49th position in 2015) since 2009 (20th), is promoted to 41st position this year.

However, in its short note titled -- 'Freedom ends where national security begins' -- the RSF said, "The US media freedom, enshrined in the first amendment to the 1787 constitution, has encountered a major obstacle -- the government's war on whistleblowers who leak information about its surveillance activities, spying and foreign operations, especially those linked to counterterrorism."

"Furthermore, the US journalists are still not protected by a federal 'shield law' guaranteeing their right not to reveal their sources and other confidential work-related information."

Russia also marked some improvement in terms of ranking from 152nd last year to 148th this time. In Russia chapter, the RSF noted, "Leading independent news outlets have either been brought under control or throttled out of existence. The leading human rights NGOs have been declared "foreign agents."

In the ranking, the United Kingdom slipped four notches down from 34th to 38th. The RSF observed, "Terrorist attacks have led to the adoption of draconian security legislation. The government reacted to the London public transport bombings in 2005 with a terrorism act the following year that restricts freedom of expression.

"The Regulation of Investigatory Powers Act (RIPA) adopted in 2000 allows the authorities to obtain the phone records of journalists in cases of threats to national security. Saudi Arabia's position slipped one notch down from 164th to 165th. The RSF said, "There are no really free media in Saudi Arabia and all journalists censor themselves.

Bangladesh's digital footprints growing

Huawei's global connectivity report ranks 50 countries

Bangladesh has been included in a list of 50 countries for its growth in areas of smartphone uptake, mobile broadband and high-speed internet access in 2016. The country ranks 49th in Huawei's Global Connectivity Index 2016, one spot better than Pakistan, which was positioned last on the list. Neighbouring India came in at No. 44.

The index, which is now in its third year, measures how the 50 countries, which account for 90 percent of the global gross domestic product and 78 percent of the global population, are progressing with digital transformation. The progress is quantified using 40 indicators that cover the supply, demand, experience and potential of five technology enablers: broadband, data centres, cloud, big data and the internet of things (IoT). Investing in these five technologies enables nations to digitise their economies.

The index identified three groups of nations: starters, adopters and frontrunners. Bangladesh, with a score of 23 out of 100, was grouped in the 'starters' category, which is in the early stage of ICT infrastructure build-out. "Starters are not fully benefitting from the digital economy and its potential to raise incomes and overall quality of life," said the report.

To become adopters and then frontrunners, the report recommended starters should increase their ICT investment to accelerate nationwide broadband coverage, reduce tariffs and provide subsidies for smartphones, and issue more telecom licences to raise coverage and encourage competitive pricing.

About Bangladesh, the report said uptake in smartphone, mobile internet and broadband has seen some improvements in 2016 over 2015. The launch of 3G networks has boosted mobile internet. "Internet penetration is relatively low, but the potential is strong for the local internet industry to move into the next stage of development."

COUNTRY	RANK	SCORE
Vietnam	43	30
India	44	30
Bangladesh	49	23
Pakistan	50	21

The growth in mobile customers in 2016 and 2017 is expected to be high, and 4G services are planned for 2017. Under its vision of a "digital Bangladesh", the government aims to establish nationwide internet connectivity and a strong ICT workforce by 2021. About the opportunities for Bangladesh, the report said the country must work hard to overcome limitations in ICT infrastructure to boost internet access for all levels of society. "The government's influence and policies

are crucial to establishing nationwide connectivity."

The report said, with improved infrastructure and faster connections, the government can roll out digitisation initiatives and offer public services online. Investing in digital infrastructure correlates to GDP gains because it increases economic dynamism, efficiency and productivity.

In today's world, the digital economy has emerged as an unstoppable giant that is growing at 10 percent a year more than triple the rate of overall global economic growth, the report said. The worldwide digital economy generated $24 trillion in e-commerce in 2015 and accounted for 30 percent of all global transactions. Much of this was completed on 2.5 billion smart devices spread somewhat unevenly among the world's 7.4 billion people.

DBL Group to set up $100m garment factory in Ethiopia

DBL Group, a leading apparel exporter, is investing $100 million to set up a garment factory in Ethiopia, encouraged by duty benefits for exports from the African nation to US markets, a top official of the company said on May 26. "The new factory will go into production in February next year. We expect to employ 3,500 workers. Of them, 150 will be employed as executives -- all from Bangladesh," the official said.



The integrated textile and garment factory to be built in the Tigray region of Ethiopia will add immense value to the Ethiopian economy and strengthen exports, according to news agency Bernama. "We are going to Ethiopia as this African nation enjoys zero-duty benefits from the United States on exports. The benefits will continue for a long time as Ethiopia is a member of the least developed countries," the official said.

The US government last year renewed the African Growth and Opportunity Act or AGOA for the African LDCs for the next 10 years to provide zero duty benefits on export. Bangladesh, despite being an LDC, does not enjoy a duty benefit from the US as the American government suspended its generalised system of preferences in June 2013. Garment products were not included under the GSP scheme to the US market when it used to enjoy the GSP.

For construction of the factory in Ethiopia, DBL obtained $15 million in loans from the Swedish government's development fund Swedfund at an interest rate of 6 percent and $55 million from the Ethiopian Development Bank at nearly 7 percent. The Ethiopian project is a debt-funded venture of DBL and is not a joint venture.

"We aim to export to the US and European, African and Middle Eastern countries from Ethiopia."

DBL obtained permission for overseas investment from the central bank. "DBL is a platinum-rated apparel supplier to Swedish retail giant H&M. Our main target is to supply to H&M," the official said. On the availability of a workforce in Ethiopia, the official said there may be a shortage of skilled workers initially, but after a few years, the number of skilled workers will increase due to training imparted by companies and the government.

DBL has already employed 30 Bangladeshis in construction work for the Ethiopian project, he said. Currently, DBL, which produces items from yarn to garments, employed 22,600 workers in different factories in Bangladesh. The group is expecting shipment of apparel worth $340 million by the end of the current fiscal year, which was about $320 million last fiscal year.

Bangladesh is the second largest apparel supplier worldwide after China. It exported apparel worth $26 billion last fiscal year.

First LNG terminal to be ready by next year

The construction of the country's first liquefied natural gas (LNG) terminal will be completed by the end of December next year, said Nazimuddin Chowdhury, secretary of the energy division, on April 28.

Nearly 70 percent of the work has been completed so far, he said at the fifth business consultative meeting of the commerce ministry.

Petrobangla and US-based Excelerate Energy are setting up the terminal on the island of Moheshkhali in the Bay of Bengal. The unit will provide natural gas to Chittagong, which has been facing an acute gas crisis for a long time. A 90-kilometre pipe of 30-inch diameter will carry the gas from the floating terminal to Anowara to feed the national grid. The LNG will be imported from Qatar.

In 2010, the government took the step to import LNG in the wake of the declining reserves of natural gas.

Regional News

Global economy is 'urgent priority' : G7 leaders

Pumping up the world economy is an "urgent priority" G7 leaders said on May 27, as they warned there could be dire global consequences if Britain decides to leave the EU. The Group of Seven industrial powers cautioned that the worldwide economy was patchy and faced unwelcome headwinds, but disputes erupted over how bad things actually are and the best course of action.



Wrapping up their meeting in rural Japan, the leaders endorsed a pick-and-mix approach to dealing with the malaise that has lingered since the financial crisis erupted in 2008. "Global growth is our urgent priority," the G7 said in a final statement. "Taking into account country-specific circumstances, we commit to strengthening our economic policy responses in a cooperative manner and to employing a more forceful and balanced policy mix, in order to swiftly achieve a strong, sustainable and balanced growth pattern." The strained consensus reflects behind-the-scenes clashes within the grouping of rich nations.

Prime Minister Shinzo Abe argued that the global economy faced the risk of a "crisis", and drew comparisons with the mood when Japan last hosted the exclusive club, in 2008 just months ahead of the collapse of Lehman Brothers. "To that, one leader questioned whether the degree of the current situation was negative enough to use the term 'crisis'," a senior Japanese official said.

That leader was Angela Merkel, the Asahi Shimbun newspaper said on May 27, who was backed by International Monetary Fund chief Christine Lagarde, according to Bloomberg News. At his post-summit press conference, however, Abe put a different gloss on it. "We shared a strong sense of crisis," he told reporters of his discussions with fellow leaders.

Some observers, however, said the high-profile meeting didn't deliver much. "We know there are different views on fiscal policy but the statement simply concludes that fiscal policy should be implemented 'flexibly' in order to 'promote growth'," said Andrew Kenningham, Senior Global Economist at research house Capital Economics." "That really says nothing at all."

BREXIT

Leaders were unequivocal though on their attitude to one of the risks facing the global economy, and came out firmly against the prospect of a so-called "Brexit". "A UK exit from the EU would reverse the trend towards greater global trade and investment, and the jobs they create, and is a further serious risk to growth," they said in a declaration after two days of talks.

British Prime Minister David Cameron, who has campaigned for his nation to remain in the 28-country bloc, seized on the unified G7 position. "The communique is very clear about the economic dangers and economic risks" of Brexit, he told a press conference.

The grouping -- the United States, Germany, Japan, Britain, Italy, France and Canada -- found easy common ground on the hot-button issue of refugees, agreeing it was a worldwide problem. "The G7 recognises the ongoing large scale movements of migrants and refugees as a global challenge which requires a global response," the leaders said in a statement.

Last year, some 1.3 million refugees, mostly from conflict-ridden Syria and Iraq, asked for asylum in the European Union -- more than a third of them in Germany. "We commit to increase global assistance to meet immediate and long-term needs of refugees and other displaced persons as well as their host communities," they said.

"The G7 encourages international financial institutions and bilateral donors to bolster their financial and technical assistance." Merkel told reporters the G7 had decided to dedicate its attention this year "especially to Iraq" -- one of the chief sources of the tide of migrants fleeing conflict and seeking refuge in Europe.

CHINA

China -- which is not a member of the G7 and was not at the two-day summit in Ise Shima, 300 kilometres southwest of Tokyo -- made its expected cameo appearance in the final statement. Although it was not mentioned by name, there was no room for doubt that Beijing was in the crosshairs when leaders

expressed unanimous disquiet about tensions in the Asia-Pacific.

"We are concerned about the situation in the East and South China Seas, and emphasise the fundamental importance of peaceful management and settlement of disputes," they said. Chinese foreign ministry said on May 27 China is extremely dissatisfied with a statement by Group of Seven (G7) leaders on the contentious South China Sea. Ministry spokeswoman Hua Chunying made the remarks at a regular briefing.

"This G7 summit organised by Japan's hyping up of the South China Sea issue and exaggeration of tensions is not beneficial to stability in the South China Sea and does accord with the G7's position as a platform for managing the economies of developed nations," Hua said. "China is extremely dissatisfied with what Japan and the G7 have done." Tensions have risen over competing claims in the South China Sea, a strategic body of water that encompasses key global shipping lanes and which is claimed nearly in its entirety by China.

China, G7 clash as Japan summit opens

World leaders on May 26 focused on pumping up the global economy and worries over the growing clout of China -- which promptly told the G7 club of rich nations to mind its own business. Presidents and prime ministers from the Group of Seven huddled in Japan for two days of meetings, with the refugee crisis, terrorism, the threat of North Korea and sanctions against Russia also filling up their packed agenda.

But China's growing assertiveness, particularly in bitter territorial disputes in the South China Sea, was providing ever-louder background music, with European Council President Donald Tusk calling on the G7 to take a "tough stance" on the hot-button issue.

Beijing swiftly launched a stinging broadside against the group -- Britain, Canada, France, Germany, Italy, Japan and the US -- which it said should not pursue "selfish interests". "G7 should focus on its own duties, that is economic cooperation, it should not point fingers at something outside its portfolio," Chinese foreign ministry spokeswoman Hua Chunying said at a regular briefing in Beijing.

The Xinhua news agency, Beijing's official mouthpiece, reinforced the point with a blunt commentary that said the group "should mind its own business" and accused Japan of exploiting its host status to try to isolate China. The neighbours have a long history of tempestuous relations. Both Washington and Tokyo -- which is locked in a separate dispute with Beijing over islands in the East China Sea -- have warned against China stoking tensions in the contested waters.

The sputtering global economy took centre stage in formal talks, although divisions seem likely to remain over whether the world should spend or save its way out of the malaise, with Japan and Germany at odds on the issue.

There were some "heated exchanges" among G7 leaders on the issue of refugees, a senior Japanese government official said on condition of anonymity. That came after European Council's Tusk said the world needs to act together and not leave everything at Europe's door. "We are aware that it is because of geography that the most responsibility is, and will continue to be, placed on Europe," Tusk told reporters. "However we would also like the global community to show solidarity and recognise that this is a global crisis."

Merkel said fresh funds to tackle the problem were unlikely, but added that "we all agree that we have to do everything to fight the causes that make people flee". Last year, some 1.3 million refugees, mostly from conflict-ridden Syria and Iraq, asked for asylum in the European Union -- more than a third of them in Germany.

There were several bilateral meetings, including Canada's Justin Trudeau chatting with Germany's Angela Merkel, who said G7 sanctions imposed on Russia over its involvement in the conflict in eastern Ukraine would not be lifted anytime soon.

Britain's referendum on whether or not to stay in the European Union was also discussed. "The atmosphere of our talks would be better if Britain is staying in the European Union," Juncker said. Also looming over the talks -- though not present -- was US Republican presidential hopeful Donald Trump and Northeast Asia's perennial badboy, Kim Jong-Un.

Obama later told reporters that he and his G7 counterparts agreed "North Korea is a big worry for all of us", following Pyongyang's series of nuclear tests and missile launches. He also said the G7 leaders were "rattled" by some of the policies espoused by former reality TV star Trump, and blasted his "ignorance" of how the world works. The leaders had begun their day with a visit to Ise Jingu, a shrine complex that sits at the spiritual heart of Japan's native Shintoism.

Abe's decision to take his counterparts to the site -- also a hotspot for domestic tourists -- has raised eyebrows among some critics, however, who say it retains some nationalist overtones from when Shinto was the state religion. Several of the leaders -- including summit heartthrobs Matteo Renzi of Italy and Canada's Trudeau -- also got a slow speed demonstration riding in fuel-cell cars, as Japan sought to show off its tech know-how.

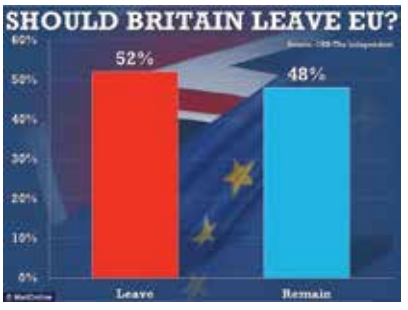
Britons vote for leaving the European Union

With the votes counted in Britain's EU referendum, the result is clear. Voters in the UK narrowly chose to exit the European Union—a so-called "Brexit"—by a margin of 52% to 48%. This follows months of bitter campaigning in a referendum that pollsters considered too close to call. London, Scotland, Northern Ireland, and a smattering of other areas voted to remain, but the bulk of England and Wales opted to leave.

Turnout was relatively high, which was previously thought to favor a "remain" vote, with around 72% of voters casting a ballot. In the UK's general election last year, turnout was 66%—the same as in 1975, which was the only other time the country held a referendum on EU membership.

Severing ties with the EU, which the UK joined in 1973, will have broad repercussions for the British economy. Before the vote, the majority of economists, analysts, and other forecasters warned about the negative impact on trade and investment if Britain left the EU's common market.

The pound plunged against the dollar shortly after the results started rolling in—it's down 9% on the day at the time of writing, an enormous move in a currency market that typically trades within tenths of a



percentage point from day to day. The pound now sits at a 30-year low against the dollar.

In Asian trading, Japan's Nikkei stock index fell sharply, triggering a "circuit breaker" at one point to calm down trading during sharp moves. When the London market opens at 8am local time, a big fall seems likely; US stock futures are also suggesting a big down day.

Prime Minister David Cameron, who campaigned to stay in the EU, is now in an awkward position. His position is tenuous, with his party potentially preferring a different leader—among the favorites is former mayor of London Boris Johnson—to take on the task of negotiating Britain's separation from the EU.

"Dawn is breaking on an independent United Kingdom," said Nigel Farage, leader of the UK Independence Party, which has been vehemently agitating for Britain to quit the EU and cut immigration for years. "This will be a victory for real people, a victory for ordinary people, a victory for decent people."

The UK will not immediately sever ties. Although no country has ever left the EU before, the process could take years, depending on when Britain invokes "Article 50" of the EU treaty, which sets out a two-year deadline for renegotiation of a country's relationship with the bloc.

The UK may break up too. Scotland's decisive vote to remain part of Europe prompted its leader, Nicola Sturgeon, to call for a second referendum on Scottish independence. (A previous vote failed in 2014.) "The people of Scotland see their future as part of the EU," she said.

Chinese pouring billions into US real estate: study

Chinese nationals became the largest foreign buyers of US homes last year as they pour billions into American real estate, seeking safe offshore assets, according to a new study released on May 15. A huge surge in Chinese buying of both residential and commercial real estate last year took their five-year investment total to more than $110 billion, according to the study from the Asia Society and Rosen Consulting Group.

The sheer size of that total has helped the real estate market recover from the crash that began in 2006 and precipitated the 2008 economic crisis, they said. And despite a slowdown due to Beijing's clampdown on capital outflows, the figure for the second half of this decade is likely to double to $218 billion, the study said.

'What makes China different and noteworthy is the combination of the high volume of investment (and) the breadth of its participation across all real estate categories,' including a 'somewhat unique entry into residential purchases,' the study said. The authors of the study said their numbers, based on public and real estate industry data, understate the total. They necessarily miss purchases made by front companies and trusts that don't identify the sources of the funds.

While big deals, like the Anbang insurance group's $2.0 billion purchase of the Waldorf Astoria hotel in New York last year, and its failed $14 billion offer for the Starwood group in March, make headlines, the study said Chinese buying of US homes far outpaces its investment in commercial land and buildings.



Between 2010 and 2015, Chinese buyers put more than $17 billion into US commercial real estate, with

half of that spent last year alone. But during the same period at least $93 billion went into US homes. And in the 12 months to March 2015, the latest period for which relatively comprehensive data could be gathered, home purchases totaled $28.5 billion. That put the Chinese past Canadians, who have long been the biggest foreign buyers of US residential real estate.

Geographically, Chinese buyers are concentrated in the most expensive markets: New York, Los Angeles, San Francisco and Seattle. But Chicago, Miami and Las Vegas have also drawn buyers. That focus means they pay well above the average US home price: last year, Chinese buyers paid on average about $8,32,000 per home in the United States, compared to the average for all foreign purchases of $4,99,600.

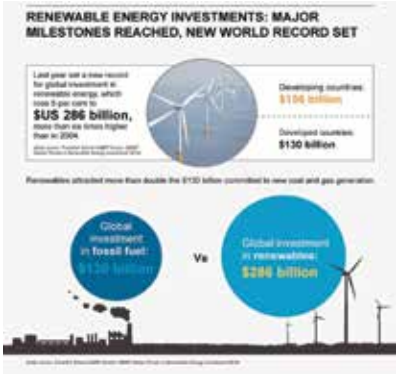
The motivations are broad: some are buying second homes, some are buying as they move to the United States on EB-5 investor visas; some are investing for rental and resale. Most of the money in US homes, the study noted, is private wealth, not corporate.

'This familiarity of utilizing real estate as an investment or wealth preservation tool is more prevalent in China and reflects the broader comfort of purchasing second homes in the United States by Chinese individuals and families,' the study noted. Since last year, there has also been the motivation to get money outside China and into dollar assets amid worry about the continued fall in the yuan, which was devalued slightly against the dollar in August.

The study says it expects a lot more commercial real estate buys in the United States by Chinese companies.

Developing countries' renewables markets more attractive: report

Rapidly developing countries' renewable energy markets are becoming increasingly attractive for investors, while European markets have become less so, a report by UK accountancy firm



Ernst & Young showed on May 10. In an annual ranking of the 40 most attractive renewable energy markets worldwide, emerging markets such as Argentina, Brazil, China, Chile, India and Mexico represented half of the countries listed. That compares to just China and India on the list 10 years ago. The top 10 countries were headed by the United States, followed by China, India, Chile, Germany, Brazil, Mexico, France, Canada and Australia.

Mexico's recent power auctions have opened the door to multi-billion dollar opportunities in a newly liberalised energy market, the report said. Brazil's underdeveloped solar market is also luring investors. "Emerging markets are transforming their energy industries at an unprecedented pace," said Ben Warren, energy corporate finance leader at Ernst & Young.

"Last year, renewable energy investments in the developing world overtook those in the developed world for the first time. Latin America, in particular, has become something of a litmus test for how quickly markets can grow," he added.

Meanwhile, European markets have lost some of their attractiveness for renewables investment. Germany was ranked fifth compared to third last year; France at eighth and Britain was at its lowest-ever ranking of 13th.

"European markets appear to be scaling back their ambitions as they address the challenges of marrying up increasingly mainstream renewables with a legacy of centralised conventional power generation," Ernst & Young said.

Bribery eats up 2pc of global economy: IMF

The International Monetary Fund said on May 11 that bribery sucks up between $1.5 and $2.0 trillion dollars annually around the world, dragging down economies and worsening social services for the poor. In a new report on the economic impact of corruption, the IMF said that bribery, graft and other cheating common in both rich and poor countries limits economic growth and undermines sound government policies.

In a speech prepared for the global Anti-Corruption Summit in London on May 12, IMF managing director Christine Lagarde said that more and more leaders are openly seeking help to fight the scourge. 'Both poverty and unemployment can be symptoms of chronic corruption,' she said, according to the text of her speech. 'While the direct economic costs of corruption are well known, the indirect costs may be even more substantial and debilitating, leading to low growth and greater income inequality.'

Lagarde dismissed the idea that corruption is a stubborn cultural phenomenon in many countries. In fact, it is common across cultures, and countries with diverse backgrounds have found ways to address it, she said. The late Singapore leader Lee Kuan Yew 'was very effective in both signalling a zero-tolerance policy towards corruption and building

competent institutions at a time when corruption was pervasive in Singapore,' she noted.

The economic impact of corruption is hard to quantify, according to the IMF report. But despite claims that it helps 'grease the wheels' to make economies work, the overall impact is very negative. The cost of bribery alone tops more than two percent of global gross domestic product — a broad measure of economic output — and because it is tainted, that money is often sucked out of economies to offshore havens, meaning it does not contribute to growth.

Corruption perpetuates economic inefficiency, undermines public policy, and exacerbates inequality, the report says. It also scares off both domestic and foreign investors. 'Investors actually seek out countries that can give them the assurance that, once an investment is made, they will not be blackmailed into providing bribes,' Lagarde said.



The report says that data shows that higher corruption generally correlates with lower social services for the poor. That in part is because government budgets in more corrupt countries get loaded up with the kinds of spending — like big-ticket projects — that offer greater graft opportunities.

Lagarde said that the IMF includes guidance on anti-corruption measures in its support programs for governments, because 'pervasive corruption makes it harder to conduct sound fiscal policy.' Certain approaches have proven effective in a number of countries: paying civil servants more; setting up special anti-corruption courts; punishing companies for corrupt practices in other countries; and creating special offices to collect taxes from the largest taxpayers, to improve compliance.

But Lagarde also stressed the need for rule of law and firm leadership.

China, Japan growth to slow sharply in 2016, IMF warns

China and Japan's economies are expected to slow sharply over the next two years but Asian growth will remain strong as domestic demand takes up the slack from weak global trade, the IMF said on May 03. Government stimulus measures, lower commodity prices and low unemployment will help drive regional expansion, the International Monetary Fund said, and called on leaders to push on with reforms.

However, in its Regional Economic Outlook for Asia and the Pacific, the Fund also warned of several external challenges, from weakness in advanced economies, weak global trade and increasingly volatile global financial markets. Since its previous outlook on the region in October, global markets have seen wild volatility, with worries over China's economy and plunging oil prices hammering shares in January and February, wiping trillions off valuations. While there has been a slight recovery since March, investors remain on edge.

"Asia remains the most dynamic part of the global economy but is facing severe headwinds from a still weak global recovery, slowing global trade, and the short-term impact of China's growth transition," the Fund said. "To strengthen its resilience to global risks and remain a source of dynamism, policymakers in the region should push ahead with structural reforms to raise productivity and create fiscal space while supporting demand as needed." The Fund predicted growth in Asia to come in at 5.3 percent this year and next, down from its previous forecast of 5.4 percent.

China's economy, the world's second biggest and a crucial driver of global growth, is tipped to expand 6.5 percent this year -- the lower end of Beijing's target -- and 6.2 percent in 2017. The figures are well down from the 6.9 percent seen in 2015, which was the slowest rate in a quarter of a century, but slightly better than the IMF's October outlook.

"While Asia remains the global growth engine, the external environment is becoming much more difficult," said Rhee Chang-Yong, director of IMF's Asia and Pacific Department, speaking to reporters on May 03. The Fund noted China's leadership is trying to transform the country's growth driver away from a reliance on government investment and exports to one dominated by domestic consumption.

It also warned of the spillover effects of China's slowing growth on other economies that rely on the country to drive their own expansion, including weaker trade and commodity prices.

"Overall, the region has become more sensitive to the Chinese economy," it said. Countries with strong China trade relations had suffered the greatest repercussions from its stocks rollercoaster, Rhee told reporters.

"When the China stock market moved quite significantly (last year)...the financial spillover was higher in countries with strong trade links with China," he said. Rhee also warned that policy makers would have to balance the expansion of credit with the strain it could cause to corporates and banks. "We have to build strength during turbulent times," he said.

Japanese growth is tipped to slow, with the Fund saying exporters would be hit by the strengthening yen -- which is at 18 month highs against the dollar -- and slowing trade with China. It halved its growth outlook

for Japan to 0.5 percent in 2016 and tipped it to shrink 0.1 percent owing to an expected consumption tax rise, while it also cited the long-running problem of an ageing population and a huge debt mountain. The lower outlook comes days after the Bank of Japan refused to ramp up its stimulus programme despite a string of weak data that have raised questions about Prime Minister Shinzo Abe's faltering drive to kickstart growth.

Eurozone economy finally reaches pre-crisis levels

The eurozone's economy grew far beyond expectations in the first quarter of 2016, finally surpassing pre-crisis levels after eight years, as cheap oil and credit made itself felt. Inflation in Europe however remained very low and a source of concern with the threat of long term damage caused by falling prices weighing on the economy.



The Eurostat statistics agency said growth in the eurozone accelerated in January to March, to 0.6 percent. This expansion beat expectations for 0.4 percent growth and was double the level posted in the two previous quarters, putting the eurozone on course to grow by 1.6 percent year-on-year. The recovery in the 19-nation single currency area, for years mired in a debt crisis and low growth, contrasts with disappointing figures in the United States, which disappointed analysts with an annual rate of growth of just 0.5 percent in the first quarter of this year. Analysts said the jump in eurozone growth meant the benefits of cheap oil and low borrowing rates were finally making their way to consumers.

In further positive news, eurozone unemployment in March fell to 10.2 percent, its lowest level since 2011, Eurostat said. "The European Central Bank will certainly be encouraged by the marked first quarter pick-up in eurozone GDP growth, and will no doubt argue that it shows its monetary policy is working," said Howard Archer, of IHS Global Insight.

The ECB has slashed interest rates to zero percent, beefed up its controversial bond-buying and made vast amounts of cheap loans available to banks in a bid to jumpstart inflation and boost the economy. On the downside for the ECB, eurozone inflation in April fell back into negative territory, data also showed.

The renewed bout of deflation will feed into accusations that the ECB measures to boost prices are not working. Eurostat said inflation in April was negative 0.2 percent, compared with a revised zero percent in March. The eurozone was previously at the negative level in February.

Analysts surveyed by Factset data research company had projected inflation of zero percent. Fighting deflation -- a persistent and debilitating decline in prices that weighs on the economy -- has been the ECB's top priority. But the ECB has received biting criticism in Germany for sparking the rise of political anxiety and populism over the state of the economy.

South Asia clothing industry can employ millions more women: World Bank

South Asia's clothing and textiles industry can create millions of jobs for the region's working-age women, boosting economic growth and helping improve children's health and education, a World Bank report said. The industry is already the most female-intensive in much of the region, women making up 71 percent of its workforce in Sri Lanka, 35 percent in India and 34 percent in Bangladesh. In Pakistan, its share of women workers is second to agriculture.

"South Asia needs to create jobs in labour-intensive industries where it enjoys a comparative advantage - such as apparel - to employ its burgeoning youth and attract more women into the workforce," the report released on April 28 said. "South Asian households with women working, especially in the textile and apparel sector in India and Pakistan, tend to have fewer young children on average," it said.



Higher wages in China, the world's largest clothing exporter, are driving global brands to seek cheaper alternatives in countries including Bangladesh, India, Pakistan and Sri Lanka. South Asia is best placed to lure these businesses with its lower wages and expanding young population, even though recent industrial disasters have raised questions about safety and the conditions of workers in these countries.

The industry employs about 4.7 million workers in the formal sector, and several million more informally, making up about 40 percent of the region's manufacturing employment. Its ability to lure unskilled and semi-skilled women is particularly important, as South Asia has one of the lowest female labour force participation rates in the world of about 32 percent, compared with East Asia's 62 percent, the report said.

Countries with greater female labour force participation generally see later marriages, fewer children, better nutrition and school enrolment, and higher gross domestic product, according to the World Bank.

"The apparel sector offers a promising and realistic entry point for women into the formal labour force, thanks to a high wage premium compared to agriculture," the report said. "As apparel exports increase, the rising demand for female labour pulls women from agriculture and other informal sectors."

Average wages in the industry range from about $0.51 per hour in Bangladesh to about $1.06 in India, compared with $2.60 in China, according to 2012 data compiled by the World Bank. As output increases to meet higher demand, a 1 percent increase in the expected wage raises the likelihood of women joining the labour force by between 16 percent in Pakistan and 89 percent in Sri Lanka, the World Bank estimates.

Despite the large number of women the industry employs, however, female workers lack a voice and representation in Bangladesh, the region's largest exporter by value. Regulatory capacity is also weak in Bangladesh, even though scrutiny has increased in the wake of the Rana Plaza disaster. Three years after the disaster that killed more than 1,100 factory workers, the rights and safety of workers in the region are in greater focus, but progress in fixing problems in the supply chain is slow, experts and activists say.

In India, compliance is limited in the informal sector, where most workers are employed. Overtime is a serious problem, and child labour is common, with reports also of exploitation and sexual harassment of women.

In addition, the region faces growing competition from Southeast Asian countries including Cambodia, Indonesia and Vietnam. But with stricter controls, better wages and higher-value products, South Asia's apparel and textile industry can retain its competitive edge, the report said. "Given that much of apparel production continues to be labour intensive, the potential to create more and better jobs is immense," it added.

China to drag down growth in developing Asia: World Bank

China's economic slowdown will hit growth in developing East Asia and the Pacific from this year until at least 2018, the World Bank said on April 11, warning of volatile global markets and urging caution.

Regional growth is forecast to slow from 6.5 percent in 2015 to 6.3 percent this year and 6.2 percent in 2017 and 2018, the bank said in its latest outlook. However, Southeast Asian economies led by Vietnam and the Philippines are still expected to see healthy expansion, with both forecast to see growth rates of more than 6.0 percent, it said.

The bank said the regional outlook reflected China's gradual shift to slower, more sustainable growth, expected at 6.7 percent this year and 6.5 percent in 2017 and 2018, from 6.9 percent in 2015. China is in the midst of reforms as it moves to make domestic consumption a key economic growth driver instead of exports and as manufacturing gives way to services taking on a bigger role in the economy.

"Continued implementation of reforms should support the continued rebalancing of domestic demand," the report said on the Chinese economy. "In particular, growth in investment and industrial output will moderate, reflecting measures to contain local government debt, reduce excess industrial capacity and reorient fiscal stimulus toward social sectors."

Victoria Kwakwa, incoming World Bank East Asia and Pacific vice president, said in a statement that the region's developing countries accounted for "almost two-fifths of global growth" last year. "The region has benefited from careful macroeconomic policies, including efforts to boost domestic revenue in some commodity-exporting countries. But sustaining growth amid challenging global conditions will require continued progress on structural reforms," she said.

The forecasts were made against a backdrop of slowing world growth, weak global trade, low commodity prices and volatile financial markets, with China's economic slowdown a major drag. Excluding China, regional growth is projected to pick up from 4.7 percent last year to 4.8 percent this year and 4.9 percent in 2017 and 2018, powered by Southeast Asia's robust economies, the bank said.

Vietnam is forecast to grow 6.5 percent this year, 6.4 percent in 2017 and 6.3 percent in 2018, down from 6.7 percent last year. Expansion for the Philippines is seen at 6.4 percent this year and 6.2 percent in 2017 and 2018 from 5.8 percent in 2015.

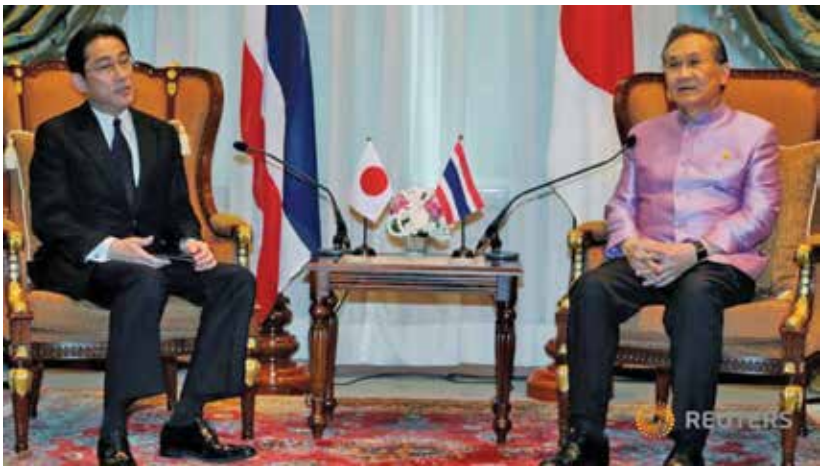
The region, however, faces "elevated risks" from a weaker-than-expected recovery in advanced economies and from the possibility of China's slowdown being steeper than anticipated, said World Bank chief regional economist Sudhir Shetty. "This is a very volatile time for the global economy. This is a time for all countries to be cautious," he told reporters in Asia during a video conference call from Washington. "There is not a lot of room to man oeuvre on the macroeconomic side," he warned.

Countries should "rebuild fiscal buffers because... there's going to be bad shocks down the road, which will require the use of fiscal policy," he said. Shetty also called on countries to continue with flexible exchange rates "to adjust to

whatever shocks there are" and to push through with needed structural reforms. East Asia and the Pacific under the World Bank covers China, Indonesia, Malaysia, the Philippines, Thailand, Vietnam, Cambodia, Laos, Myanmar, Mongolia, Fiji, Papua New Guinea, the Solomon Islands and East Timor.

Japan to support Mekong countries with $7b over three years

Japan wants to work with countries in the lower Mekong river basin and will help them improve infrastructure and bolster development with 750 billion yen ($7 billion) in aid over three years, its foreign minister said on May 02. Foreign Minister Fumio Kishida made the pledge to help the Southeast Asian economies in Thailand's capital, Bangkok, where on May 01 he began a week-long visit to the region in which Japan competes with China for influence.



"Japan would like to work with the countries of the Mekong region to create a framework to support efforts by the Mekong countries in a detailed manner, on a region-by-region basis or on a theme-by-theme basis," Kishida said in a speech. Japan announced the three-year plan last year.

China has offered billions of dollars in infrastructure loans and government aid programmes to Southeast Asian countries. Kishida did not mention China in his speech. He is also due to visit Myanmar, Laos and Vietnam. On May 02, he met Thai Prime Minister Prayuth Chan-ocha, who has led a military government since the army took power in a May 2014 coup. Thailand has drawn closer to China since the coup which many western countries criticised.

Kishida and Prayuth discussed Thailand's political process, regional terrorism threats and economic challenges, a Japanese official said.

Kishida visited Beijing on the weekend where both China and Japan expressed willingness to improve relations strained over conflicting territorial claims in the East China Sea. In his speech in Bangkok, Kishida addressed maritime security and renewed a call for countries to respect the rule of law. He also backed a Southeast Asian bid to draft a code of conduct for the South China Sea, where China's claim to virtually the entire sea clashes with claims to parts of it by Vietnam, Brunei, Malaysia and the Philippines.

Dhaka signs Paris Climate Agreement

Bangladesh has signed the historic Paris Climate Agreement, aiming to take various measures to save the world from the disastrous consequences of climate change. Some 175 countries, including China and the USA, signed the deal at the UN headquarters in New York on April 22. Environment and Forests Minister Anwar Hossain Manju signed the agreement on behalf of Bangladesh.

The signing day coincided with the International Mother Earth Day. The signing ceremony turned out to be an event closely resembling the annual UN General Assembly sessions, featuring around 60 heads of state and government.

The opening session was addressed, among others, by the presidents of France, Peru, Brazil, Bolivia, Democratic Republic of Congo; the prime ministers of Canada, Italy and Tuvalu; the deputy prime minister of the Russia, special envoy of the president of China, the US secretary of state and the UN secretary general.

The Bangladesh statement at the event highlighted Prime Minister Sheikh Hasina's personal commitment to combating climate change. It reaffirmed her government's readiness to continue to work towards mobilising greater international efforts in support of comprehensive implementation of the Paris deal. "Collective wisdom and commitments are essential to implement the Paris Climate Agreement... We all must consider the urgency of acting now," the statement reads.



Bangladesh also flagged various initiatives taken by the government to adapt to climate change in a pro-active manner with its own resources and international cooperation. It was particularly mentioned that a roadmap for implementing Bangladesh's Intended Nationally Determined Contribution (INDC) was currently in the making.

"All countries need to be united in our collective journey, keeping in mind that one's non-compliance may threaten the existence of all. However, developed countries have to take lead in this case," said the statement.

Following the signing of the deal, Manju exchanged greetings with UN Secretary General Ban Ki-moon and Executive Secretary Christiana Figueres of UN Framework Convention on Climate Change (UNFCCC).

The Bangladeshi minister also had a bilateral meeting with Fatma Guldemet Sari, minister for environment and urbanisation of Turkey.

The two ministers agreed to work together during the lead-up to UNFCCC COP22 in Morocco in November this year to promote the issues of common interests, with focus on climate-vulnerable LDCs.

Six African nations could be malaria-free by 2020: WHO

Six countries in Africa, the continent where malaria is most widespread, could be free of the disease by 2020, according to a WHO report published on April 25 to mark World Malaria Day.

One of the goals of the World Health Organization's 2016-2030 programme against malaria is to wipe out the disease in at least 10 countries by the end of this decade. "WHO estimates that 21 countries are in a position to achieve this goal, including six countries in the African

Region, where the burden of the disease is heaviest," the Geneva-based organisation said in a statement. These countries are Algeria, Botswana, Cape Verde, Comoros, South Africa and Swaziland.

In South Africa the elimination of malaria is a public health objective. The country registered 11,700 cases of the disease in 2014 down from 64,000 in 2000 with most diagnoses coming from areas bordering Swaziland, Zimbabwe and Mozambique.

OECD indicator flags easing growth in key economies

Growth is seen easing off in major advanced economies, the OECD said on April 11, with the outlook continuing to deteriorate in the United States and Britain while the German economy is losing steam.

The Paris-based Organisation for Economic Cooperation and Development said its monthly leading economic indicator, a measure designed to flag turning points in the world economy, showed signs of stabilization in China, India and France.

"The CLIs (composite leading indicators) continue to point to easing growth in the United States, the United Kingdom, and Japan, with a similar outlook now expected in Germany and Italy," it said in a statement. "In India and France, growth momentum is stabilizing. Signs of growth stabilization are also emerging in China and Canada," it said.

On an index where 100 represents the long-term average, the OECD said the reading for OECD countries as a whole edged down to 99.6 in February from 99.7 the month before.

The euro zone economy remained at 100.5 in its latest review of conditions, with the indicator for France stable at 100.9 while it dipped for Italy from 100.8 to 100.7. The U.S. reading edged lower, to 98.9 from 99.0, while the UK reading dipped to 99.1 from

99.2. Germany's indicator dropped to 99.7 from 99.8. China stood at 98.4, unchanged from the previous month. Brazil's reading remained at 97.7 while Russia stabilized at 98.2.

UK investment to drop 5pc next year: Fitch

Credit ratings agency Fitch forecast on June 29 that investment in the British economy will fall 5 percent next year, two days after it downgraded Britain's credit rating after last week's vote to leave the European Union. "This uncertainty will prompt firms to delay investment and hiring decisions, while elevated financial market volatility will further damage business confidence," it said.

By 2018 investment levels would be 15 percent lower than forecast before the referendum, Fitch said, while economic growth in 2017 and 2018 would be 1 percentage point a year lower than before.

"Consumption will not be immune to this shock and overall spending by UK residents will see a mild decline in 2017. The sharp fall in the value of sterling will provide some offset to the demand shock, with exports likely to benefit somewhat in the near term," Fitch added.

ICC HQs News

Telecom giant Sunil Bharti Mittal named ICC Chairman

Sunil Bharti Mittal, Founder and Chairman of Bharti Enterprises, has been elected Chairman of the International Chamber of Commerce (ICC). Voting by ICC's World Council took place June 15 in Sao Paulo, Brazil.

Bharti Enterprises has interests in telecom, insurance, real estate, hospitality, agri and food, besides other ventures. Bharti Airtel, the group's flagship company, is world's third largest telecommunications company by customer base, offering mobile, fixed broadband and digital TV solutions to over 350 million customers across India, South Asia and Africa.

Mr. Mittal, who has served on the Prime Minister of India's Council on Trade and Industry, said: "At a time when the global economy is facing unprecedented challenges I am committed to ensuring ICC plays a central role as the voice of business in shaping policies to support inclusive growth. I am honoured to be ICC's 51st Chairman and look forward to working actively with ICC's global network throughout the world."

Mr Mittal added: "There is an urgent need to restore trade and investment as a driver of growth and jobs-particularly in developing economies affected by the slowdown in raw materials and agricultural commodities markets. This will be a central focus for my tenure as Chairman of the world business organisation."



The International Chamber of Commerce is the world's largest business organisation with over 6.5 million members in over 130 countries. Mr Mittal becomes the third Indian Chairman of the world business organisation in its near-100 year history.

Mr Mittal takes over the ICC Chairmanship from Terry McGraw, Chairman Emeritus of S&P Global, who becomes ICC's Honorary Chairman.

Roberto Azevedo, Director-General of the World Trade Organization (WTO) paid tribute to Mr McGraw's leadership of ICC over the past three years saying: "Over the years, Terry has played a huge role promoting the WTO and the multilateral trade agenda as a force for good.

He was instrumental in building support behind the 2013 Trade Facilitation Agreement. I thank him for what he has done for the institution and for global trade in general."

ICC has also announced that John Denton, Partner and CEO of Corrs Chambers Westgarth, has been elected to take over from Mr Mittal as the organisation's First Vice-Chair. ICC's World Council has also elected three new members to its Executive Board: Anne Veronique Schlaepfer, Partner at global law firm White & Case; Kok Seng Vong, Vice-President of the Macao Chamber of Commerce; and Philippe Varin, Chairman of the Board of Directors of AREVA.

Current Board Members Esko Aho (Nokia), Milos Barutciski (Bennett Jones) and Cherie Nursalim (GITI Group) were all elected to serve a second term.

5 considerations to modernise policy for new technologies and business models

Globalization of the digital economy has brought unparalleled growth for all segments of the public and private sectors, resulting in an increasingly accessible global marketplace. The digital economy is also playing an increasingly significant role in promoting innovative and sustainable development, and empowering inclusive economic participation.

But with a pressing need for regulatory modernisation to keep pace with the developments, ICC is taking action to help policymakers and regulators refresh their understanding of policy goals and marketplace facts to encourage a mindset that will ultimately ensure as much competition, investment and innovation across the information and communication technology sector as possible.

Urging close consultation with business and all stakeholders to avoid unintended consequences of new policies or regulations, ICC has set out five recommendations to modernize the regulatory and competition framework that would provide protection for consumers while fostering competition, investment and innovation. They are:

1. Adopt a regulatory mindset that promotes the value of the entire communications and digital services ecosystem, and considers the public interest.

This will foster a positive environment for the investment in the development and proliferation

of capable and compelling digital networks, content, applications, and services. Future regulatory landscapes must reflect and embody that mindset.

2. Provide consumers with predictable levels of protection by reforming regulatory frameworks for communications and digital services.

This is about finding the appropriate level of rules for consistently protecting consumer rights in the digital economy and fostering the development of new services and innovation for all.

3. Apply competition and consumer protection laws across the entire economy, and favour the use of such broad tools to the creation of new sector specific regulations.

Wherever possible, reliance on existing general competition and consumer protection laws is preferable to new prescriptive regulations that could stifle investment and innovation.

4. Encourage the open and unfragmented Internet to continue to flourish.

The open and global nature of the Internet has enabled an unprecedented boost in terms of competition, consumer choice, innovation and entrepreneurship.

5. Use competition law to evaluate product and geographic market definitions on a continuous basis.

In an era of convergence and rapidly evolving technologies and business models, there are strong merits to relying on ex post competition law over prescriptive ex ante regulations.

ICC announces new members of the Court

The International Court of Arbitration of the International Chamber of Commerce (ICC) has appointed 16 new members from 14 countries to serve terms commencing on 1 July 2016 running until 30 June 2018. Elections took place on June 16 in Sao Paulo during a meeting of ICC's supreme governing body, the World Council, in accordance with provisions set out in the ICC constitution and statutes of the Court.

Members of the ICC Court are appointed by the World Council on the proposal of ICC local offices known as national committees and groups, with alternate members appointed by the World Council upon proposal of the Court President.

The elections bring the total number of Court members to 145 and the number of countries they represent from 80 to 84.

The professional, legal and cultural diversity of Court members reflects the world-class standard and international reach of ICC Arbitration. Users of our services will benefit from our concerted efforts to continue promoting membership diversity in this way.

ICC Court President Alexis Mourre said: "The professional, legal and cultural diversity of Court members reflects the world-class standard and international reach of ICC Arbitration. Users of our services will benefit from our concerted efforts to continue promoting membership diversity in this way."

New members announced on June 16 are:

Belgium : Olivier Caprasse (Alternate member), Professor, Hanotiau & van den Berg; Chile : Alejandro A. Escobar (Alternate member), Partner, Baker Botts LLP; China : Helen (Hong) SHI (Alternate Member), Partner, Fangda Partners; Chinese Taipei : Lillian L. Y. Chu (Alternate member), Equity Partner, Tsar & Tsai Law Firm; Czech Republic : Vít Horáček (Alternate Member),

Partner; Hong Kong : Kim Rooney (Alternate Member), Barrister, Gilt Chambers; India : Lalit Bhasin, Managing Partner, Bhasin & Co.; Kunal Vajani (Alternate Member), Partner, Wadia Ghandy & Co.; Macedonia : Danela Arsovska, President, Macedonian Chamber of Commerce; Philippines : Victor P. Lazatin, Senior Partner, ACCRALAW; Romania : Flavius Antoniu Baias, Associate Professor, University of Bucharest; Dragos Alexandru Sitaru (Alternate Member), Professor Attorney at Law; Sweden : Helena Dandenell (Alternate Member), Lawyer; Turkey : H. Ercüment Erdem (Alternate Member), Senior Partner at Erdem & Erdem Law Office; United Arab Emirates : Ghanem Jaber Al Hajeri, Advocate and Founding Partner, International Consultant Law Office (ICLO); Venezuela : Diana C. Droulers.

ICC report confirms Singapore as a leading Asia arbitration hub

The International Court of Arbitration of the International Chamber of Commerce (ICC) has announced strong growth in Asia in 2015, confirming Singapore's place as the fourth most chosen seat globally for arbitration hearings and retaining its position in the top five most chosen cities for the tenth consecutive year.

In 2015, over 6% of all new ICC cases named Singapore as the seat of arbitration upholding the city's ranking as the number one seat of ICC Arbitration in Asia. As a reputed seat of arbitration for Singaporean and foreign parties alike, Singapore ranked the 4th most preferred seat of arbitration in the world.

Singapore: A World Class Arbitration Hub

In over 71% out of all new Singapore seated arbitrations filed in 2015, one or more of the parties was not Singaporean while in close to half of these cases, a non-Singapore arbitrator was appointed.

It is important to highlight that under ICC Rules of Arbitration, parties do not require any Singaporean connections to arbitrate in Singapore. They also have the flexibility to choose an arbitrator of any nationality despite the seat of arbitration.

"It is important to highlight that under ICC Rules of Arbitration, parties do not require any Singaporean connections to arbitrate in Singapore.

They also have the flexibility to choose an arbitrator of any nationality despite the seat of arbitration," said Abhinav Bhushan, ICC's recently appointed Regional Director for South Asia.



In 2015 the Court recorded the second highest number of new cases in its 93-year history, with some 801 cases filed over the course of 2015. New cases administered by the Court involved a total of 2,283 parties-with multiparty disputes accounting for more than 30% of the total new caseload for the first time.

New records were set in 2015 for the average value of new ICC disputes and the aggregate value of cases before the Court. The average monetary value in dispute in new ICC cases rose to US$84 million from US$63 million in 2014-with the largest dispute valued at over US$1 billion. The aggregate value of all disputes pending before the Court at the end of the year stood at US$286 billion.

The figures show the unrivalled and growing reach of ICC Arbitration. We are particularly delighted with the strong growth of ICC Arbitration in North America and Asia-reflecting the establishment of new representative offices in these regions in recent years.

ICC welcomes new dialogue with WTO; highlights options for multilateral trade talks

The International Chamber of Commerce (ICC) on May 30 welcomed the conclusion of the World Trade Organization's (WTO) first ever dialogue with the business community as an important step towards strengthening the global trade agenda.

The dialogue was initiated off the back of the successful outcome of the WTO's ministerial conference in Nairobi last December, and in response to growing concern within the global business community about faltering global trade growth.

Addressing WTO members, ICC's First Vice-Chairman Sunil Bharti Mittal said: "To be clear: business wants predictable, modern and up-to-date multilateral trade rules, negotiated and agreed at the WTO… Trade is expected to grow by less than 3% for the fifth consecutive year in 2016. We should not accept this as the new normal and we are ready to work constructively with WTO members to restore trade as a central driver of global growth."

The first-of-its-kind event identified a broad range of possible WTO initiatives to help boost trade-led inclusive growth. These included:

Trade DIALOGUES

SME growth

Business leaders encouraged the WTO to explore possible initiatives to make trade easier for small- and medium-sized enterprises (SMEs), going beyond trade facilitation reforms to identify where harmonized rules and end-to-end standards can help small businesses access global markets. Access to financing was also highlighted as a priority to support SME trade growth.

Investment

Many participants in the dialogue expressed an interest in a new WTO dialogue to explore the scope for global standards in the field of investment promotion, protection and facilitation.

Sectoral liberalisation

The dialogue highlighted an interest from a range of sectors in pursuing sector-specific talks as a complement to the ongoing Doha Round.

E-commerce

There was a strong call from business leaders for the WTO to play a central role in underpinning an open, reliable and secure global digital economy. Participants expressed particular interest in possible

"e-commerce negotiations" which could encompass a broad range of issues such as customs duties, electronic signatures, data protection and localization requirements.

Addressing WTO members, ICC's First Vice-Chairman Sunil Bharti Mittal said: "To be clear: business wants predictable, modern and up-to-date multilateral trade rules, negotiated and agreed at the WTO." Speaking on the systemic importance of an e-commerce initiative, Mr Mittal said: "The global nature of e-commerce means that the WTO has a vital role to play in the further development of rules and standards for this area.

E-commerce has the potential to revolutionise global trade flows. Today, even the smallest of businesses can go global if they can access the internet."

At the conclusion of the dialogue, ICC has called on WTO members to maintain contacts with the business community in taking forward possible new trade talks and initiatives.

Business and the future of global trade

Writing in a joint opinion article published on 27 May edition of the Wall Street Journal, International Chamber of Commerce (ICC) First Vice-Chairman Sunil Bharti Mittal and Director-General of the World Trade Organization (WTO) Roberto Azevedo point to the changing shape of private sector engagement in global trade negotiations amid growing interest in a WTO capable of delivering tangible outcomes. The article appears just days ahead of a first-of its-kind WTO-hosted dialogue with the global business community aimed at catalysing further progress in the multilateral trade agenda.



"WTO members are currently reflecting on how best to move the negotiating agenda forward, and in this context, the private sector has asked for its voice to be heard - not to dictate the agenda, but to provide food for thought," Messrs Mittal and Azevedo write.

The WTO event will bring together around 50 senior business executives from all over the world in a bid to produce clear and actionable recommendations to maintain momentum in global trade talks following the successful outcomes of back-to-back WTO ministerial meetings in Bali (2013) and Nairobi (2015).

Business and the future of global trade 1

Achievements of the ministerials include the conclusion of the landmark Trade Facilitation Agreement - a deal which it is estimated could add over US$1tn to global merchandise trade per year - and the finalisation of an ambitious revision to the Information Technology Agreement (ITA) which could add over US$190bn to global GDP.

"In the space of two years, the World Trade Organization has given business people around the world a number of reasons to sit up and ….they're asking: what's next?," the op-ed said.

Messrs Azevedo and Mittal say they hope that deepening the interaction between business, civil society and the WTO through the business dialogue - featuring business leaders from small and large enterprises, from developed and developing countries alike - will help governments as they shape future multilateral trade talks.

They conclude: "In recent years the WTO has shown that, with the support of the private sector and others, it can achieve major, economically-significant trade agreements. Strengthening this partnership can only help to ensure that this record is maintained and that the WTO keeps delivering for growth, development and job creation around the world."

Business and the future of global trade 2

#TradeMatters

The dialogue is set to take place against a backdrop of rising protectionism and a souring of public opinion on trade in many of the world's largest economies.

In response to these related trends, ICC on May 27 launched #TradeMatters -a new campaign-to promote a balanced an evidence-based debate on the role of trade in today's economy.

ICC sets out recommendations for successful Authorized Economic Operators programmes

The International Chamber of Commerce (ICC) has released recommendations for successful Authorized Economic Operators (AEOs) programmes that would serve business and not exclude smaller traders from global markets. The new recommendations were issued 2nd week of May as over

1,000 Customs and business representatives from all over the world convened in Cancun, Mexico to discuss the concept of AEOs at the World Customs Organization's 3rd Global AEO Conference.

AEO programmes allow traders to work closely with their Customs administration, in exchange for reduced inspections on goods and quicker clearance times at borders. In turn, Customs agencies can increase their administrative efficiency by focusing inspections on unknown high-risk cargo.

At present, there are over 60 AEO programmes in operation around the world and the number is rapidly increasing. However, despite this increase the benefits of AEO programmes are not always evident and the application processes can be burdensome - especially for small- and medium-sized enterprises (SME).

AEO programmes should be based on the WCO SAFE Framework and AEO status should generate clear additional trade facilitation benefits for business.

To maximize trade facilitation and supply chain security, ICC calls upon governments to avoid divergence to enhance uniformity and predictability and to increase opportunities for effective mutual recognition agreements.

To promote global harmonization and secure maximum benefits ICC has set out eight recommendations for successful AEO programmes encouraging policymakers as follows:

1. Offer clear benefits : Ensure quicker release of goods, self-assessment and relief from bond requirements.
2. Follow WCO SAFE Framework : Don't diminish trade facilitation for non-AEO traders and SMEs
3. Design with business : Customs-business cooperation is key - utilize Chamber of Commerce networks.
4. Complement existing programmes : Make AEO status compatible with other domestic trade compliance schemes.
5. Recognize status beyond Customs : AEO status should have effect with all border agencies.
6. Ensure Customs capacity : Ensure capacity to implement effectively - including training.
7. Facilitate foreign recognition : Expand mutual recognition between countries for regional coherence.
8. Open up AEO status to all : Include all supply chain operators, not just importers and exporters.

Getting the architecture right:
attracting business expertise and action for sustainable development on the road to 2030

Governments and stakeholders have spent the first months of 2016 discussing the implementation of the new 2030 Sustainable Development Agenda and its 17 Sustainable Development Goals (SDGs), including how the UN will support the agenda as an institution and will monitor and review progress towards 2030. A key question in these discussions is how the UN will integrate the views of the diverse stakeholders -- essentially all of humanity -- who have an interest in the 2030 Agenda's success and therefore have an opinion about its implementation at all levels -- globally, regionally and, most importantly, nationally. While this may seem like an overly bureaucratic and speech-filled exercise, it is actually vital work: without the right process and structure, it will be much more difficult to identify gaps, track action and impacts, and build bridges not only between governments but also with business and civil society, both of whom are called to action alongside governments to help achieve the 2030 Agenda.

As the outcome documents of the 2030 Agenda recognize themselves, business will play a critical role in its implementation and ultimate achievement in all countries because it business is the chief engine of economic growth, driver of innovation, and builder of infrastructure that undergirds other social progress. But there are substantial concerns that we do not yet have the structures in place at a policy level to attract and catalyze the requisite business expertise, resources and motivation to aid with implementation.

Challenges to business engagement in the current model

One obstacle to reaching the broad mobilization and knowledge sharing that we need is the current structure for non-state actor ("stakeholder") engagement in the 2030 Agenda. This architecture is a relic of Agenda 21 from twenty years ago and no longer adequately reflects the diversity and involvement of non-governmental and business entities in the UN's approach to sustainable development. The current model lumps business in with all other so-called "major groups," including important and valued representatives of civil society such as youth, the scientific community, workers, and others.

In practice, this means that all of global business -- with its diversity across industries and geographies -- must often be reduced to only a few representatives, and is often expected to join consensus messaging with other stakeholder representatives, some of whom have substantial differences of view with business. This model persists even while it is widely acknowledged that business will shoulder an

amount of the implementation burden disproportionate to the aggregate efforts of these other vital stakeholders, whose opinions and concerns must also be heard by Member States.

A proposed solution: an autonomous Business Coordinating Mechanism to the HLPF

In response to this institutional gap, the International Chamber of Commerce (ICC) as coordinator of the Global Business Alliance (GBA) for 2030 (an umbrella group of major global industry associations and business organizations) has proposed establishing a High Level Political Forum Business Coordinating Mechanism (HLPF/BCM) , which it believes will deliver benefits to both governments and the private sector.

The HLPF/BCM would operate as an autonomously governed, distinct business representative entity that will serve as a focal point for Member States, offering comprehensive engagement with the full diversity of business expertise that can inform policy discussions on implementing the 2030 Agenda.

This distinct and separate track for business participation would follow similar successful models of engagement on Financing for Development (FfD) and the Committee on Food Security (CFS), each of which features separate tracks for the private sector and civil society.

These institutional arrangements allow these different stakeholder groups to independently represent themselves and would enable business in particular to take full advantage of the opportunities for engagement established by Resolution A/67/290 , which addresses the need for an improved and more effective institutional framework for sustainable development, and stresses the importance of increased participation of relevant stakeholders.

Supported by the GBA, the HLPF/BCM would provide a year-round business interface to the relevant stakeholder focal points at the UN that already reach out to the private sector independently of one another, including the Office of the President of the General Assembly; the Department of Economic and Social Affairs (DESA), encompassing both the Division for Sustainable Development (DSD), the Financing for Development (FfD) Office and the Economic and Social Council (ECOSOC) Support office; the UN Global Compact, and other agencies and entities, such as the UN Development Program's (UNDP) SDG Fund.



Having a single point of contact would help with coordination between all of those internal constituencies and would have dramatic efficiencies for the business community. Specific to the annual meetings of the HLPF, the HLPF/BCM would: ensure broad and inclusive business participation in the High Level Political Forum; organize and disseminate annual reports on the contributions of business to the achievement of the SDGs; and promote communication and outreach to expand business awareness and increased understanding of the opportunities presented by the HLPF.

The GBA is already coordinating business engagement in Agenda 2030

Building on ICC's ECOSOC consultative status at the UN since 1946, the GBA is a deep and broad "talent pool" of expertise and resources for the SDGs. Its partners encompass major global, regional, national, and sectoral business organizations and associations, as well as companies from multinational corporations to small and medium-sized enterprises around the world, all of whom share a vision for the enabling conditions necessary for sustainable development. The GBA has a proven track-record of serving as the focal point and interlocutor for business at the United Nations throughout the entire intergovernmental processes related to the 2030 Agenda for Sustainable Development. Through the GBA, business is looking forward to participating in July's High-level Political Forum (HLPF) and as part of that, to report on business progress on implementation of the SDGs.

The business community welcomes the chance to be part of this conversation and has repeatedly taken every opportunity offered to it to provide its input to the ongoing formulation of the 2030 Agenda, including during the recent debates on the structure of the follow-up and review process at the global level, where the GBA offered its enthusiastic support for the "Elements Paper" and an annual review of all 17 SDGs through the lens of overarching themes.

We have also already started preparing to provide information at the HLPF about business activities in support of the SDGs. During the recent High-level Thematic Debate (HLTD) on Achieving the Sustainable Development Goals, the United States Council for International Business (USCIB), the U.S. affiliate of the International Chamber of Commerce, explained how its Business for 2030 platform accelerates business community engagement during the implementation of the 2030 Agenda by providing a target-by-target catalogue of private sector initiatives that contribute to sustainable development (currently 140 initiatives by 35 companies in over 150 countries).

These target-level, specific and impact-driven examples can educate others in the private sector about the 2030 Agenda in a practical

way and stimulate them to action, simultaneously allowing Member States to ascertain which companies are focused on which goals/targets within their borders as well as neighboring states. It is our hope that this collection of case studies and other relevant business experiences can be shared through the formal HLPF/BCM, jump-starting priority-setting conversations about implementation at the global and national levels that involve business from the start and thereby hopefully achieve maximum impact.

That is, after all, the goal: "to leave no one behind." Over the course of the next 15 years, the UN and a wide range of stakeholders, particularly business, must work together on effective implementation of the wide-reaching 2030 Agenda and it is clear that countries all over the world will depend on their local business communities to help deliver the SDGs. It is therefore crucial that the private sector have clear, separate recognition in the HLPF process and throughout the UN system, which will make communication and sharing of views more efficient and clear, improving coordination, sharing of best practices and hopefully, scaling-up successful initiatives within and across borders.

Dr. Louise Kantrow is the Permanent Representative to the United Nations' Economic and Social Council for the International Chamber of Commerce (ICC), and in that capacity, coordinates the Global Business Alliance for 2030 and the Business Steering Committee on Financing for Development.

World Chambers Federation Understanding contracts for carriage: The new ICC Guide on Transport and the Incoterms® 2010 Rules

Contracts of sale and transport can be tricky even for the most experienced professionals. The slightest of errors may cause substantial repercussions such as detained shipments, spoiled supply chain planning and delayed payments. Here to bridge the gap between expectations and execution is the new ICC Guide on Transport and the Incoterms® 2010 Rules.

Created by a joint drafting group of the ICC Commercial Law and Practice Commission and the ICC Commission on Customs and Trade Facilitation , this new guide aims to take the guess work out of what is involved for an independent carrier to implement a transport contract against the backdrop of a contract for the sale of goods involving an Incoterms® rule. In clarifying some of the main issues that arise when using Incoterms® 2010 rules and contracts of carriage, parties can feel at ease knowing their transactions will run smoothly.



ICC outlines 8 principles to mobilize investment for the SDGs

With governments convening in New York at the 3rd Week of April for the first United Nations (UN) meetings on implementation of the Sustainable Development Goals (SDGs), the International Chamber of Commerce (ICC) has issued a new statement on policy frameworks needed to drive investment in sustainable development.

The United Nations Conference on Trade and Development (UNCTAD) estimates that the annual investment gap in key development sectors for developing nations stands at US$2.5 trillion. The Addis Ababa Action Agenda, which provides a new global framework for financing sustainable development, underscores the importance of mobilizing private sector capital to support implementation of the UN's 2030 development agenda.

Moving from agreement to action

As the international community now grapples with the task of implementing the SDGs, the new ICC paper stresses the need for governments to maintain and strengthen investment promotion and protection agreements to help realize the vision of driving foreign direct investment in sustainable development.

If implemented on a global basis, these eight ICC principles can provide an essential foundation for leveraging the investment needed to eradicate poverty, combat climate change and ensure inclusive growth.

In this connection, the paper - prepared by the ICC Commission on Trade and Investment Policy and supported by ICC's World Trade Agenda initiative - establishes eight policy principles to boost investor confidence and unlock private capital. Specifically, it encourages policymakers to:

- Create an investment policy climate by adopting a holistic policy environment which nurtures private investment.
- Protect investment by supporting international investment

agreements, which are important tools to protect foreign direct investment (FDI) flows.

- Include dispute resolution mechanisms in all investment agreements to ensure investors have direct access to effective and independent dispute settlement.
- Avoid sectoral discriminations in the negotiation of investment treaties which have a direct impact on the inflow of FDI.
- Devote greater attention to state-owned enterprises which can enjoy a range of preferential benefits and compete with the private sector in investment and trade areas.
- Refrain from abusing "national security" provisions in agreements and treaties for protectionist purposes. Such procedures should be applied in a transparent, fair and non-discriminatory manner if they are to be exceptionally used.
- Avoid forced localization provisions which have negative repercussions on both the investor an on the host country's attractiveness as an investment destination.
- Work towards a high-standard multilateral framework on investment that would provide a clear set of rules for investors, governments and relevant stakeholders.



Commenting on the launch of the paper, ICC Secretary General John Danilovich said: "Financing will be a linchpin for the success of the UN's 2030 sustainable development agenda. Foreign direct investment can play a critical role in fostering economic growth and addressing key environmental challenges.

ICC appoints new Digital Economy Vice-Chair

The International Chamber of Commerce is pleased to announce the appointment of Christiaan van der Valk as new Vice-Chair of the ICC Commission on the Digital Economy. Mr van der Valk, President of Trustweaver, joins Chair Joseph Alhadeff of Oracle and Vice-Chair Kaisa Olkkonen of Nokia Corporation who serve as the commission officers. Bringing the unique perspective of an SME and technology startup founder to the role, Mr van der Valk has led task force work for the commission for many years, producing policy outputs related to the topics of security and authentication.



More recently, he has initiated a joint work project with the ICC Commission on Customs and Trade Facilitation on the topic of digital trade, and will serve as the lead for the Digital Economy Commission, taking that joint activity forward with the Vice-Chair of the Commission on Customs and Trade Facilitation Oliver Peltzer.The ICC Commission on the Digital Economy develops policy positions on topics spanning the Internet and telecoms, privacy and data protection, security and digital trade. It undertakes this work on behalf of users, providers and operators of information technology.

ICC Academy announces new General Manager

The International Chamber of Commerce (ICC) announced on 4 April the appointment of Daniel Kok as its new General Manager of the ICC Academy.

Mr Kok comes to the ICC Academy having previously been the Managing Director of Fitch Learning APAC Operations - a global leader in financial information services. Combining both his extensive management experience and financial market expertise, Mr Kok will be responsible for overseeing day-to-day operations of the ICC Academy and the development of market-leading e-learning programmes. This appointment demonstrates our long-term commitment to establish the Academy as a market-leading e-learning platform.

The ICC Academy is headquartered in Singapore where Mr. Kok will lead a team of Academy staff which works in conjunction with ICC's global headquarters in Paris.



WTO News

Business leaders call for WTO to address pressing business issues

Business leaders meeting on 30 May 2016 at the WTO headquarters outlined how the organization could address the current needs of the business community. In addition to the current negotiating agenda, they urged the WTO to look at a wide range of issues such as electronic commerce, rules to better facilitate services and investment flows, support for micro, small and medium-sized enterprises, action to provide trade finance, and many others.

The Trade Dialogues event brought together over 60 business leaders to discuss the challenges and opportunities they face in conducting trade operations and to discuss how the WTO can help in dealing with them.

The attendees were from small and large enterprises, from developed and developing countries, and from a variety of sectors. The event was held at the request of the International Chamber of Commerce (ICC) and the B20 group of leading independent business associations from G20 economies, and facilitated by the WTO.

This high-level event for the business community is the first of its kind to be held at the WTO. It is part of a series of 'Trade dialogues' that will provide a range of stakeholders with the possibility to discuss their concerns on trade-related matters.

Participants were welcomed by WTO Director-General Roberto Azevêdo. This opening session was followed by break-out sessions where participants engaged in a focused dialogue in small groups. These sessions were chaired by four 'discussion leaders':

Sunil Mittal, Founder and Chairman of Bharti enterprises, and First Vice Chairman of the ICC

Frank Ning, Chairman of Sinochem and Chair of the B20 trade and investment taskforce

Carole Kariuki, CEO of KEPSA, the Kenya Private Sector Alliance, and

Kati Suominen, Founder and CEO of TradeUp.

The participants then reconvened and shared their conclusions in a direct exchange with the Director-General and the chairman of the WTO General Council, Ambassador Harald Neple. At a working lunch, the views of other important stakeholders, such as consumers, represented by Consumers International, and labour, represented by the International Trade Union Confederation, were also heard.

At the final session, the discussion leaders and other participants shared the outcome of their deliberations with the WTO membership through a dialogue with ambassadors and permanent representatives.

A summary of the issues raised at the meeting is available here.

DG Azevêdo said:

"After two successful WTO ministerial conferences, there has been a resurgence of private sector interest in the work of the organization. I have seen this at all of the major meetings I've attended, and in the many capitals I've visited around the world over the last six months. This growing engagement is very welcome. Trade negotiations do not occur in a vacuum, so I think it is important for WTO members to hear directly from business on the challenges they face in the real economy — as well as from consumers and workers, and other voices in civil society.

"So, when I was approached by the ICC and B20 earlier this year to facilitate a dialogue between business leaders and WTO members, I thought that it would be a great opportunity. We have had over 60 participants today, from six continents, and I'm pleased to say that the exchanges have been of a very high quality. We have heard some fascinating insights on the issues that businesses face in the trading system — particularly smaller enterprises — and ideas on how those issues might be tackled."

Sunil Mittal, First Vice Chairman of the ICC, said:

"We must do the utmost to put into operation the Trade Facilitation Agreement, which has the potential to bring enormous benefits to the world economy. We must make sure that this agreement is ratified and implemented as soon as possible. The WTO needs to develop rules and standards to make sure that the efficient growth of e-commerce is secured, since it has the potential to revolutionize trade flows around the world."

Frank Ning, Chair of the B20 trade and investment taskforce, said:

"The future accomplishments of the WTO will be critical in achieving a more efficient and friendly business environment, and a more inclusive and sustainable global economy."

Carole Kariuki, of the Kenyan Private Sector Alliance, said:

"Trade is an integral part of the equation in generating growth and creating jobs and the WTO plays a vital role in ensuring that governments comply with the commitments they have made in making trade easier."

Kati Suominen, of TradeUp, said:

"A World Trade Organization in the 21st century can only succeed if it engages those that trade across borders every day - businesses, small and big. As world trade changes and digitizes,

WTO's rulemaking, research, and capacity building functions need to be bolstered and adjusted to meet the needs of its private sector stakeholders. This can help unlock the power of trade, disruptive technologies, e-commerce, and FDI to drive inclusive growth, job creation and sustainable development."

The companies and organisations represented at the event were: Apex-Brasil; Bangladesh Garment Manufacturers and Exporters Association (BGMEA); Bharti Enterprises Limited; Boehringer Ingelheim GmbH; Boniswa Corporate Solutions; BT Group; B20 China; Caribbean Association of Industry and Commerce (CAIC); Corrs Chambers Westgarth; Coteminas; Deloitte Touche Tohmatsu Limited; DHL Express; DIAGEO; Dow Chemical Company; eBay; Embraer; Fonterra; International Chamber of Commerce (ICC); Kenya Private Sector Alliance (KEPSA); Maersk; MasterCard; National Petrochemical Industrial Company (NATPET); Nestle Skin Health S.A.; Nestlé S.A.; Orascom Telecom; Oryspa Spa Solutions Inc.; Samsung Electronics Co., Ltd.; Silicor Materials; Singapore Business Federation; Sinochem Group; Syndicat des Industries de Madagascar; S&P Global; Tata Consultancy Services (TCS); Teyseer Group of Companies; TradeUp Capital Fund; UBS; World Economic Forum (WEF); World SME Forum; W.J. Towell & Co.

WTO Chairs Programme presents research on trade and poverty at WTO/World Bank forum

A WTO/World Bank Forum on trade and poverty, partly organized by the WTO Chairs Programme, took place at the WTO on 26 May 2016. The forum, whose theme was "Connecting to trade: policies and programmes for maximizing poverty reduction impact", was opened by Bridget Chilala, Director of the WTO's Institute of Training and Technical Cooperation, and Anabel González, Senior Director of Trade and Competitiveness Global Practice at the World Bank.

The forum was part of the WTO/World Bank work programme on trade and poverty and follows on from the release of their joint report on The Role of Trade in Ending Poverty in June 2015. The programme involves research into how trade policy can increase the welfare of the bottom 40 per cent and how trade facilitation and the implementation of the WTO's Trade Facilitation Agreement can help to reduce poverty. Mainstreaming trade into national development strategies and the role of the WTO and policy makers in facilitating this process are also the focus of this programme. The participation of members of the WTO Chairs Programme in the forum helps to increase the visibility of their research and to facilitate interaction between policy makers, trade practitioners and academics.

Research papers examining the link between trade growth and poverty alleviation were presented by three members of the Chairs Programme, with the aim of showcasing new research and providing new perspectives on the 2030 goal of eradicating all forms of poverty. The WTO Chair from Benin presented a paper on how trade opening affects poverty reduction, both for the urban and rural populations, and on how to make trade inclusive in national development strategy plans.

The research presented by the Chair from Jordan focused on the macroeconomic link between trade and growth and on how trade could help to reduce poverty. The WTO Chair from Tunisia provided an in-depth analysis of the effects of Tunisian trade policy on household welfare. The presentation analysed the distributional effects of trade policy at the micro level, using the results of a household survey.

This WTO chairs session was chaired by Elsbeth Akkerman, Minister and Deputy Permanent Representative of the Netherlands to the WTO.

Aid for Trade continues to attract funding but commitments down

Support for programmes intended to help poorer countries expand their participation in global trade continues to be provided but funding for trade facilitation and least-developed countries (LDCs), in particular, fell in 2014, WTO members heard in an Aid-for-Trade session of the Committee on Trade Development on 25 May.

Growth in contributions to Aid for Trade levelled off in 2014 from a year ago according to Frans Lammersen, of the Organisation for Economic Co-operation and Development (OECD).

Support for energy generation and productive capacity building in developing countries continue to attract increased levels of funding but commitments for trade facilitation programmes and for least developed countries (LDCs) fell between 2013 and 2014, he said. "I think we can be relatively confident that overall Aid-for-Trade flows will remain relatively stable," Mr Lammersen said, noting that the aggregate aid commitments decreased by only 2% to USD 55 billion in 2014 and may have even slightly increased in 2015. Actual disbursements of total aid commitments, meanwhile, have seen continued growth every year of 5-10%.

Aid commitments for private sector development, in particular, rose in 2014 and this is likely to continue in light of the UN's Sustainable

Development Goals (SDGs) which encourage partnerships with the private sector, he added.

"But there is a decline in aid for trade policy and regulations in the commitments and to a lesser extent in the disbursements," he said, with commitments for trade facilitation support dropping from USD 613 million in 2013 to USD 362 million in 2014. "That is a drop of 41%."

Australia said this could be addressed by having aid recipients work with donors on identifying their Category C commitments under the Trade Facilitation Agreement — that is, the areas of trade facilitation where they will need capacity building and assistance. This way, donors know where to channel the aid.

Mr Lammersen pointed out that the share of Aid for Trade for LDCs had fallen and that the terms of support had become less accommodating, with 55% offered in the form of loans rather than grants. He noted, however, that LDCs receive the highest amount in terms of aid per capita.

Commenting on the report, the committee chair, Ambassador Christopher Onyanga Aparr (Uganda), said: "There's a bit of concern here." Cameroon likewise called on donors to consider this issue.

Several delegates referred to plans to update their Aid-for-Trade strategies. The European Union said they are in the process of updating their strategy which should be published by the beginning of 2017. Canada similarly said a review of their international assistance programmes is being undertaken in the next few months to ensure their aid is focused on the poorest and most vulnerable and remains flexible and agile. Turkey also said it was conducting a mid-term review for assistance to LDCs.

Multilateral development banks, namely the Asian Development Bank, African Development Bank and World Bank, updated the meeting on their on-going support related to trade, together with presentations from the Enhanced Integrated Framework, International Trade Centre and United Nations Industrial Development Organization.

The WTO Secretariat told members that preparations are under way for the 2016-17 Global Review of Aid for Trade in partnership with the OECD. The chair will schedule informal meetings to gather input on this effort.

LDCs call on WTO members to consider post-Nairobi list of priorities

Least developed countries (LDCs) have called on WTO members to consider their group's list of priorities after the December 2015 ministerial conference in Nairobi. These priorities, outlined at a 24 June meeting of the WTO's Sub-Committee on LDCs, would serve as a 'roadmap' for the group's engagement in post Nairobi work at the WTO in the months ahead.

LDC Group Coordinator Ambassador Eloi Laourou (Benin) emphasized, in particular, the need to address domestic support in agriculture, including cotton and implement preferential treatment for LDC services. The coordinator drew attention to these and other priorities contained in the submission WT/GC/W/717, which the group had prepared based on deliberations they undertook at a retreat in April.

Effective implementation of the Nairobi decisions is needed, said the coordinator. He also reiterated that the LDC group would be revisiting proposals on special and differential treatment raised in the run-up to the ministerial conference in Nairobi. These proposals aimed to build on the rights for LDCs and developing countries to be treated more favourably in consideration of their level of development.

Meanwhile, discussions on how to review the implementation of ministerial declarations and decisions meant to favour LDCs will have to continue, as the Sub-committee chair Ambassador Roderick van Schreven (Netherlands) reported that consultations with members have so far not yielded an agreement.

The LDC group coordinator also drew members' attention to specific trade and investment measures meant to help LDCs achieve the objectives of the Istanbul Programme of Action (IPoA) for LDCs, such as to double their share in global exports to 2% by 2020. Last year, the LDCs' share in global exports stood at just below 1%. Recommended measures, which included a call for donor countries to allocate 0.2% of their gross national income as official development assistance to LDCs, are contained in the 'Political Declaration' made at the midterm review of the IPoA in May.

The Sub-Committee also heard an update on technical assistance and training provided to LDCs as well as plans and funding for the second phase of the Enhanced Integrated Framework, a multi-donor program which helps LDCs play a more active role in the global trading system.

Finally, the European Union reminded members of its new system for certifying the origin of goods from exporters that participate in its Generalized Scheme of Preferences, which allows developing countries to pay lower or no duties on their exports to the EU. The new 'registered exporter (REX)' system will allow exporters to self-certify their shipments' origin starting 1 January 2017.

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 Firms and large Corporate Houses having significant interest in international trade.

The activities of ICC Bangladesh include promotion of foreign trade and investment, trade policy reviews, business dialogues, seminars & workshops both at home and abroad on related policy issues, harmonization of trade law & rules, legal reforms, updating businesses with the ICC rules & standards for cross border business transactions. ICC Bangladesh has so far organized following regional & international conferences.

- **10-11 November 2000:** ICC Asia Conference on "Investment in Developing Countries: Increasing Opportunities" organized in Dhaka was inaugurated by the Prime Minister of Bangladesh and attended by a number of high profile dignitaries including the Thai Deputy Prime Minister & WTO Director General Designate, ADB President, UN-ESCAP Executive Secretary and Chinese Vice Minister for Foreign Trade & Economic Cooperation. More than 250 participants from 24 countries participated in this event.
- **17-18 January 2004:** International Conference on "Global Economic Governance and Challenges of Multilateralism" was held in Dhaka, 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.
- **27-28 September 2005:** Regional Seminar on "Capital Market Development: Asian Experience". The Seminar held in Dhaka was inaugurated by the President of the People's Republic of Bangladesh and attended by Chairmen/CEOs of securities & exchange commissions, stock exchanges, capital market operators, financial institutions and investors from 15 Asian countries.
- **13 April 2010:** Conference on "Energy for Growth" was held in Dhaka 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 and international financiers from Australia, China, Denmark, India, Germany, Japan, Singapore, Switzerland, UK and USA.
- **25-26 October 2014:** 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 the People's Republic of Bangladesh H.E. Mr. Md. Abdul Hamid. Minister for Finance & Minister for Commerce of Bangladesh, UNCTAD Secretary General, Ministers from Myanmar and Nepal; ICC Vice Chairman; ICC Secretary General; ICC Research Foundation Chairman; Director of ICC National Committees and more than 500 participants attended this event.

As part of its activities, ICC Bangladesh has been organizing a Workshops/Seminar on International Trade Finance, mainly for bankers Bangladesh, in various countries since 2014. So far such events have been organized in Kuala Lumpur in April, 2014; in Colombo in February 2015; in Kunming in August 2015 in Yangon in November 2015 and in Hanoi in February 2016.

ICCB also organize Certified Documentary Credit Specialist (CDCS), Certified Specialist on Demand Guarantee (CSDG) and Certificate of International Trade Finance (CITF) Examinations in Dhaka, 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.

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