

INAUGURATION OF ADAMJEE EPZ

6th March 2006, 17th Falgun 1412

GLORIOUS SUCCESS OF EPZS OF BANGLADESH

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Background

The idea to establish EPZs in Bangladesh gained momentum when in 1976, the President of the World Bank, Mr. Robert McNamara, held a meeting with the then President of Bangladesh Shaheed Ziaur Rahman. In order to stimulate economic development of the country and in this process, an Act of Parliament created the Bangladesh Export Processing Zones Authority (BEPZA) in 1980 and entrusted it with the responsibility of establishment, management and operation of Export Processing Zones in Bangladesh.

The Government is committed to boost up industrialization, export, employment generation, foreign exchange earnings, transfer of technology, set up backward and forward linkage industries in the country to achieve rapid economic development of Bangladesh. BEPZA is putting its relentless and untiring efforts in all sectors which includes expansion of present EPZs, establishment of more EPZs in Bangladesh. There were many misconceptions about Bangladesh. But now many emerging market reports believe that Bangladesh is the 'NEW RISING STAR' in South Asia for foreign investment. Bangladesh have enjoyed spectacular growth in international direct investment, particularly in recent years. The government has already liberalized the Industrial Policy for attracting more and more foreign investment in Bangladesh.

Bangladesh Export Processing Zones Authority (BEPZA) came into existence through the Act of Parliament titled 'THE BANGLADESH EXPORT PROCESSING ZONES AUTHORITY ACT, 1980'. Since then BEPZA is engaged in attracting and facilitating foreign and local investment in the Export Processing Zones of the country. To bring in more confidence among the foreign investors another Act 'THE FOREIGN PRIVATE INVESTMENT (PROMOTION AND PROTECTION) ACT' was passed in 1980. This Act guarantees foreign investors protecting their investment against nationalization or expropriation and provides full indemnification in the event of financial loss due to civil unrest.

Objectives

1. Promotion of foreign & local investment.
2. Promotion of export.
3. Foreign exchange earnings.
4. Diversification of export.
5. Development of backward and forward linkage industry.
6. Development of supportive service industries.
7. Poverty alleviation through employment generation.
8. Transfer of technology.
9. Upgradation of skill.
10. Development of management.
11. Promotion of international marketing skill.

Investment Climate

Normally, investors are required to deal with only one agency i.e. BEPZA for all their requirements. For setting up industry in the Export Processing Zones, the investors are required to submit only a simple application with few relevant papers to BEPZA for approval. In order to achieve and materialize the objectives of BEPZA, it not only developed desired infrastructure facilities, the authority also offers numerous incentives and benefits which are not only being enjoyed by the industries from both home and abroad but also recoup their investment in a very short span of time. BEPZA offers the most competitive fiscal and non-fiscal incentive package for the investors in EPZs in Bangladesh. The comparative advantage of the EPZs of Bangladesh are of its homogeneously, large number of potential human resources, competitive wage level and its 'geo-regional location'. Bangladesh is the most homogeneous country in this region. It reflects the advantage of social stability which is the key element in creating confidence among foreign investors. The incentive packages offered by the EPZs of Bangladesh for attracting investment stands out to be most competitive among the ones offered by other countries.

There are clear and well-defined economic policies, the basic precept of which is to bring about socio-economic emancipation of the masses and self-reliance through participation of the people in productive activities. The government has also earmarked private investment as the prime vehicle for economic growth and expansion. Towards this end, BEPZA has been assigned with specific promotional role for encouragement and attraction of foreign and local investment.

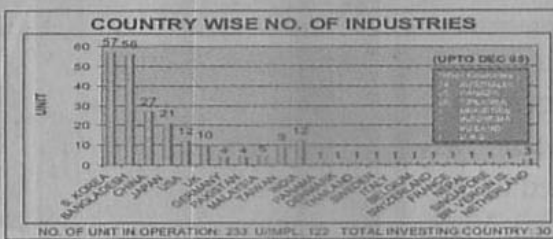
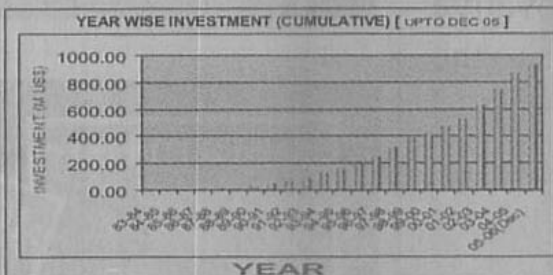
Changing economic and political conditions in the Asian region are prompting many international investors to reassess their investment strategies and plan for relocating new investments. Those changes are producing higher opportunities for Bangladesh to attract higher levels of FDI and take over production and marketing operation that are being shifted from other countries. Rising wage rate and production cost in many of the Asian countries are making many of these countries less attractive as sites for labour intensive manufacturing. Philippines, and even Vietnam are experiencing wage increase and rising production costs that are making them less attractive as low cost manufacturing base. The labour cost in Indonesia, Malaysia and Thailand also are on the higher side. In these situation Bangladesh, specially EPZs of Bangladesh became a new field and place for the foreign investors for investment of their resources.

Investment in the EPZs

The investors from 30 countries like Japan, South Korea, U.S.A, U.K, China, Hongkong, Singapore, Malaysia Indonesia, Taiwan, Sri Lanka, Mauritius, Thailand, Spain, Panama, Germany, French, Denmark, Belgium, Sweden, Australia, Ireland, Netherlands, Canada, Italy, Switzerland, U.A.E, India, Pakistan, Nepal and Bangladesh have already invested in the EPZs of Bangladesh.

The present investment in the EPZs is US\$ 928 million and the proposed investment is about US\$ 700 million. During last three years BEPZA crossed US\$ 100 million investment each year.

INVESTMENT (UPTO DEC 05)	
YEAR	INV. (\$m)
1994-1995	35.81
1995-1996	30.58
1996-1997	53.30
1997-1998	68.83
1998-1999	71.61
1999-2000	34.38
2000-2001	48.40
TOTAL INVESTMENT: \$ 928.4m	

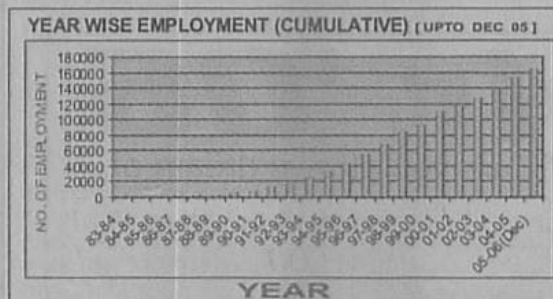


Bangladesh EPZs are excellent places for setting up labour intensive high-tech industries and re-location of sunset industries from abroad. As a result of low wage bills and import cost, the cost of production can be kept low in fiercely competitive world market. In the backdrop of persistent recession in the economically advanced countries, most of the multinational and foreign companies operating in competitive markets are finding a hard and unmanageable going. The technology and entrepreneurship of advanced countries may draw their attention on the abundant and cheap but extremely useful labour force of Bangladesh and reap enormous benefits for mutual advantage.

Employment in the EPZs

EPZs have already generated about 1,65,000 employment directly and about 50,000 employment opportunities have been created indirectly. Among the above labour force 60% are female. Thus, BEPZA is playing pivotal role in poverty alleviation through employment generation and also women empowerment. During last 5 years EPZs employed about 12,000 workers annually.

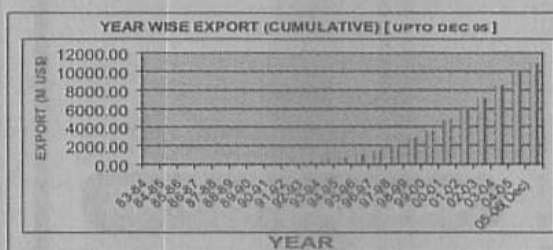
EMPLOYMENT (UPTO DEC 05)	
YEAR	No. of EMP.
1994-1995	6,141
1995-1996	10,706
1996-1997	12,773
1997-1998	14,049
1998-1999	14,059
1999-2000	9,890
2000-2001	16,020
2001-2002	8,764
2002-2003	10,167
2003-2004	10,071
2004-2005	15,802
2005-2006	10,136
TOTAL: 1,64,924	



Export from EPZs

Presently there are 233 industries in operation in the six EPZs in Bangladesh and 117 industries are under different stages of implementation and so far invested US\$ 928 million. During last financial year (2004-2005) goods worth of US\$ 1.55 billion were exported from the EPZs of Bangladesh and in 2005-2006 the export from EPZs will be about US\$ 1.9 billion. Presently the EPZs alone exported about 19% of the country's total export and also provide opportunities for a number of linkage & support services industries adding value to the country's economy.

EXPORT (UPTO DEC 05)	
YEAR	EXP. (\$m)
1994-1995	228.26
1995-1996	337.02
1996-1997	462.77
1997-1998	636.05
1998-1999	711.69
1999-2000	890.81
2000-2001	1067.87
2001-2002	1077.02
2002-2003	1200.00
2003-2004	1354.00
2004-2005	1548.68
2005-2006	870.31
TOTAL EXPORT: \$10873.94 m	



BEPZA'S CONTRIBUTION TOWARDS TOTAL NATIONAL EXPORT (Value in million US\$)		
YEAR	TOTAL EXPORT OF BANGLADESH	% OF BEPZA'S CONTRIBUTION
1994-1995	3473	6.58
1995-1996	3882	6.68
1996-1997	4418	10.48
1997-1998	5161	12.32
1998-1999	5313	13.40
1999-2000	5752	15.49
2000-2001	6467	16.51
2001-2002	5986	18.00
2002-2003	8548	18.33
2003-2004	7603	17.80
2004-2005	8655	17.90



PRIME MINISTER GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

01 March 2006
17 Falgun 1412

Message

The inauguration of a new Export Processing Zone (EPZ) at the Adamjee Nagar is a landmark event in the sustained efforts for industrial development of Bangladesh during the tenure of the present government. The establishment of Adamjee EPZ bears testimony to the commitment of our government for economic advancement of the country through industrialization and generation of opportunities for employment.

Our government is offering most attractive and lucrative incentives for attracting foreign investment through a liberal industrial policy. The increased volume of local and foreign investment and the ever-growing number of industries in the country's EPZs including those in Dhaka and Chittagong demonstrate the success of the pragmatic policies being pursued by the present government.

Adamjee EPZ has been established near Dhaka to cater to the growing needs of investors and entrepreneurs both from home and abroad. We believe, it would have a far-reaching impact on the expansion of trade and commerce and generation of employment opportunities in the country through industrial growth and concomitant backward and forward linkages.

I congratulate 'Bangladesh Export Processing Zones Authority' (BEPZA) for opening up Adamjee EPZ for investments within the shortest possible time.

I wish this latest and most promising EPZ in the country all success.

Allah Hafez, Bangladesh Jindabad.

Sheikh Hasina Wajed
Khaleda Zia

Realizing the spontaneous response from the foreign investors the present government has handed over Adamjee Jute Mill and Chittagong Steel Mill to BEPZA to convert those into EPZs. As per decision of the Government, BEPZA has already set up Adamjee EPZ by converting Adamjee Jute Mill and Karnaphuli EPZ by converting Chittagong Steel Mills area.

ANNUAL ECONOMIC BENEFIT FROM EPZS

PERFORMANCE	2002-03, 2003-04 & 2004-05			TAKA IN CRORE	
	2002-03	2003-2004	2004-2005	AMOUNT	% EXP.
EXPORT (EQ. BDT)	6601.21	7821.73	9245.86		
PARTICULARS OF EXP.					
WAGES	421	450	544	6.38	5.88
RENTAL	65	70	79	0.98	0.85
UTILITY	120	139	145	1.82	1.57
SV. CHARGE	288	321	390	4.36	4.22
DTA GOODS	1732	2162	2353	26.24	25.45
ADMIN. EXP.	180	200	252	2.73	2.73
TELE COM.	50	60	70	0.76	0.76
SURPLUS RETAINED BY LOCAL INVESTORS	95	110	212	1.44	2.29
TOTAL	2951	3512	4045	44.70	43.75

Comparative statement of last four years with previous four years
The undermentioned comparative statement clearly indicates the growth of approval of investment proposals, investment and export during last four years. The growth rate of approval of projects is 194.84%, investment is 75% and export is 56.66% and it proves the favourable investment climate in the EPZs of Bangladesh.

Comparative statement of last four years with previous four years			
1997 - 2001			
F. YEAR	SANCTION UNIT	EXPORT	INVESTMENT
1997-1998	22	636.05	68.83
1998-1999	7	711.69	71.61
1999-2000	14	890.82	34.98
2000-2001	13	1067.87	48.41
TOTAL	56	3306.43	223.83
2001 - 2005			
2001-2002	29	1077.03	55.61
2002-2003	27	1200.22	102.63
2003-2004	55	1353.91	115.04
2004-2005	54	1548.68	118.52
TOTAL	165	5179.84	391.80
Growth	194.64%	56.66%	75.04%

CONCLUSION

For achieving more and massive growth in industrialization, FDI, poverty alleviation and export, the Government may go for expansion of present EPZs and setting up more EPZs in the strategic location.



PRESIDENT PEOPLE'S REPUBLIC OF BANGLADESH DHAKA

06 March 2006

Message

I am pleased to know that an Export Processing Zone is being established at Adamjee Nagar Area near the capital.

Establishment of more EPZs will pave the way for poverty alleviation of the country. I hope this EPZ will be able to make Adamjee Nagar pulsating with a new life which will play an important role for economic development of the country. The Chittagong and the Dhaka Export Processing Zones-Beacon for Investors, have already been known as low cost production bases in the world and as a result a growing number of investors have gradually been attracted to other EPZs of the country.

I wish overall success of the Bangladesh Export Processing Zones Authority in the efforts to accelerate the pace of industrial development and create employment opportunity for a vast number of youths of Bangladesh.

Allah Hafez, Bangladesh Jindabad.

Professor Dr Iajuddin Ahmed
Professor Dr Iajuddin Ahmed



Secretary BEPZA Board of Governors and Executive Chairman, BEPZA
06 March 2006

Message

Today the inauguration of Adamjee EPZ as the seventh EPZ in Bangladesh, has added a new dimension to increase the volume of investment in BEPZA and to strengthen the economic activities of this area. The growing of activities of BEPZA reflects the growth as well as the additional responsibility entrusted on the authority to bring back the lost traditional vibrant atmosphere of Adamjee.

Bangladesh EPZ has already earned reputation as the **Rising Sun for Investment**. I hope Adamjee EPZ would be considered as a very attractive place for local and foreign investment. Today, two enterprises are going to be inaugurated and a number of industries are expected to go into production soon.

The Inauguration of Adamjee EPZ after the completion of infrastructure and development work within the shortest time became possible only due to timely decision of the present government under the dynamic leadership of the Hon'ble Prime Minister Begum Khaleda Zia. BEPZA is fully committed to achieve its target for rapid industrialization of the country through attracting local and foreign investment with the active support and direction of the government.

I wish all success of Adamjee EPZ and full cooperation of all concerned.

Brig. General Md. Zakir Hossain, psc, G, (Retd)
Brig. General Md. Zakir Hossain, psc, G, (Retd)

