



HAPPY BIRTHDAY JAPANESE EMPEROR

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Bangladesh: A perfect destination for Japanese firms

JAGARAN CHAKMA

Just a decade ago there were only 82 Japanese companies with investments in Bangladesh – at a time when the country lacked a proper business environment with an economy that one could have barely called 'healthy' and with infrastructure suffering from deficiencies on many accounts.

The past 10 years have seen remarkable improvements in the business environment thanks to a stable climate in politics and the government's bold gamble for developing basic infrastructures that has helped to attract foreign direct investment and given a boost to the economy.

During this period the country's GDP reached USD 300 billion and per capita income USD 1,909. Besides, Bangladesh brought down the poverty rate to 21 percent from 40 percent during the last 10 years.

Meanwhile, the spending capacity of the people is gradually increasing.

Japanese companies have observed that the domestic market of Bangladesh with 170 million consumers is growing rapidly with the country set to achieve developing country status by 2021.

On this back, Japanese companies feel motivated to invest in Bangladesh and the number of such companies has tripled over the decade.

Last year, the total number of Japanese companies in Bangladesh was 300, up from 278 in 2018, 260 in 2017 and 245 in 2016.

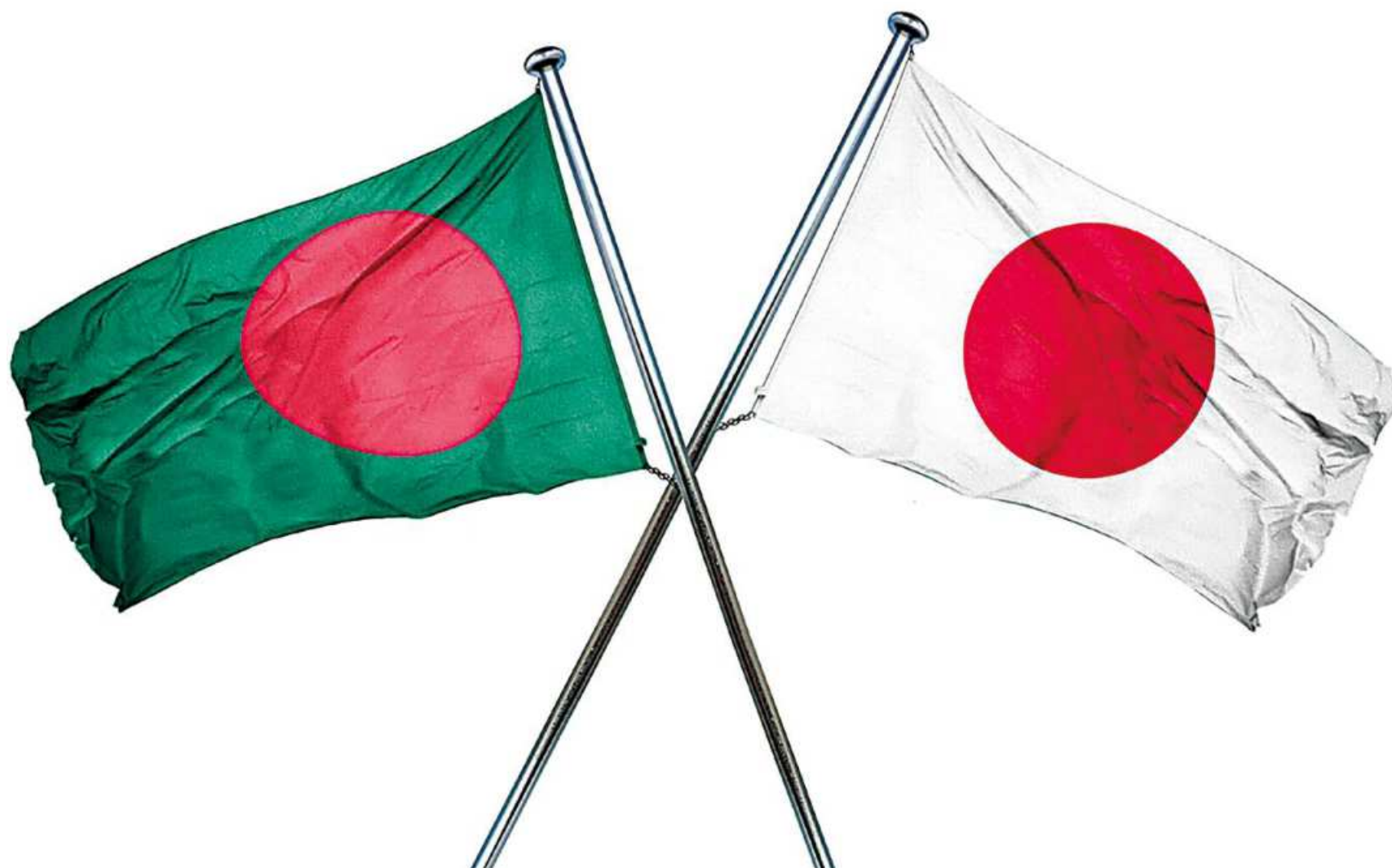
Yuji Ando, country representative of Jetro, is expecting the number of Japanese firms to double within the next five years.

So, the next five years are very important for Japanese investors and for Bangladesh also, he said, adding, "Within the next five years, the basic infrastructure of Bangladesh will be completed which will encourage foreign direct investment including that of Japanese firms."

He said now improvements were

being made in order to build a business-friendly environment in Bangladesh as the country has been achieving steady growth over the years, which is encouraging Japanese investors to come over.

Within the next five years Bangladesh will be able to complete all mega projects



like Padma multipurpose bridge, Karnaphuly tunnel, metro rail, third terminal of Hazrat Shahjalal International Airport, etc.

Referring to the latest survey of Jetro, Ando said Bangladesh is the top choice for Japanese companies seeking to expand business in Asia and Oceania in the next two years due to its high business potential and profitability.

He said some 70.3 percent of Japanese companies are mulling expanding business in Bangladesh in the next one to two years.

Ando said there is a challenge however for the investors in starting a business in Bangladesh due to long documentation related processes.

He also cited frequent changes of policy regarding value added tax, corporate tax, etc., as some other problems.

Ando suggested that the government should make the process for starting business easy by introducing online services through one-stop services.

He said that long-term policies can help ensure the viability of businesses of investors who are eyeing expansion in Bangladesh.

According to him, frequent policy changes are a hindrance for business plans while stability helps settle investment targets.

As of December last year, the amount of Japanese investment in Bangladesh by private companies is USD 386 million.

However, the amount is much higher if the investments made by Japanese automobile giant Honda and Japan Tobacco are included.

In August 2018, Japan Tobacco International acquired local Akij Group's tobacco business for USD 1.5 billion, which is the single largest FDI in Bangladesh's private sector so far.

About the single largest investment of this Japanese company, Zakir Ibne Hai, corporate affairs and communications director (corporate development), JTI, told The Daily Star:

"The entry of Japan Tobacco International (JTI) into Bangladesh through its \$1.47 billion acquisition of Akij Group's tobacco business has sent out strong signals to foreign investors that Bangladesh is the place to do business and make investments. As foreign investors, we expect stability, predictability and fairness in any economy for our businesses to operate successfully. This includes predictability in policies, macroeconomic stability and an inclusive approach towards policy making.



Zakir Ibne Hai

"In the last fiscal year (Jul '18 – Jun '19), we contributed excise tax to the NBR exceeding BDT 5,800 Crore (~ US\$ 690 Million) making us the second largest revenue contributor to the National Exchequer."

When companies like ours invest, it is not a decision taken overnight. Such investments are tailed up with sustainable visionary plans of investment in the economy, people and society overall.

As with any acquisition, we've had to integrate the business while at the same time ensuring minimal operational disruption. This acquisition placed our company as one of the largest multinational employers in Bangladesh.

We are working directly with about 28,000 farmers in different parts of the country ensuring a profitable cash crop for them. In the last fiscal year (Jul '18 – Jun '19), we contributed excise tax to the NBR exceeding BDT 5,800 Crore (~ US\$ 690 Million) making us the second largest revenue contributor to the National Exchequer.

We are working on every facet of the business to improve the quality of what we do and how we do it. We're working to create a friendly, open work environment and a spirited culture within the organization. We are deeply committed and focused on developing our people. Gender diversity at our organization has significantly changed with a lot of female colleagues joining our journey. We have also moved in to our very modern and engaging office in the heart of Dhaka. We are just a year old and so much has happened already.

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