

# Climate for foreign investment in Bangladesh improved: UN study

Star Economic Report

Bangladesh now provides a more favourable climate for foreign investment, according to the Economic and Social Survey of Asia and the Pacific, 1991 of the United Nations.

The factors responsible for improvement in the situation are identified as progressive easing of restrictions and the introduction of improved incentives, particularly a wide array of fiscal concessions which were introduced as part of structural policy adjustments in early 1980s and the resulting expansion in export capabilities.

Nepal has also experienced a similar improvement in the climate of investment, according to the survey published in February, 1992.

The survey says, in the early 1980s these two large least developed countries in Asia introduced a series of significant policies reforms along with stabilization measures aimed at improving growth performance and prospects; the reforms included liberalization and deregulation in the trade, industrial and financial sectors.

Several of the programmes that were implemented received assistance from the International Monetary Fund and the World Bank.

In the area of trade and tariff reforms, the Wage Earners Scheme and the Export License Scheme in Bangladesh have financed the import of a larger number of capital goods and industrial raw materials for export-oriented industries, the survey notes.

The country shifted to a negative list of imports in fiscal year 1986, and ancillary measures were introduced to lift restrictions on some 140 items in the negative and restricted lists.

The exchange rate of the taka has been adjusted gradu-

ally in the official market so as to reflect the relative rate of inflation obtaining in its trading partner countries, it is observed.

The New Industrial Policy, initiated in 1982 and reinforced in 1986 by the Revised Industrial Policy virtually ended all restrictions of private investment. These measures also involved a large-scale divestiture programme designed to reduce the public sector share of fixed industrial assets from 85 to 40 per cent between 1981 and 1986.

Since 1987, 49 per cent of the equity in 16 selected public sector enterprises has been offered for public subscription. Private sector participation is planned to reach about 35 per cent of investment under the third five-year plan (fiscal 1986-1990), compared with 11 per cent under the first plan.

A more favourable climate for foreign investment has been promoted through a progressive easing of restrictions and the introduction of improved incentives, particularly a wide array of fiscal concessions, says the survey. In addition, Bangladesh has provided the repatriation of capital, capital gains and profits, as well as for the protection against non-business risks and the employment of expatriates.

An export-processing zone has also been established at Chittagong, where export activities received complete exemption from duties and taxes. Concerted efforts have been made by Nepal since the early 1980s to attract foreign direct investment to help bridge the resource gap and meet domestic technological needs.

Generally, the incentive structure available to foreign investors has been put on par

with that for domestic producers. In addition, the repatriation of profits and dividends was permitted under the Industrial Enterprises Act of 1981.

A series of short-term adjustments were also launched in the mid-1980s to stabilize the country's internal and external imbalances, the survey mentions, among other measures, the Nepalese currency was devalued by almost 15 per cent and ancillary institutional reforms were made in such areas as trade, exchange rate, and import-licensing systems.

All these significant policy changes have contributed to a pronounced transformation, among other things, in the structure of merchandise exports from Bangladesh and to a lesser extent, Nepal, it is noted.

The transfer of production technology and marketing expertise from Hong Kong and the Republic of Korea, motivated also by the underutilized quota of Bangladesh within the Multi-fibre Arrangement, was instrumental to the sharp take-off in export earnings on textiles and garments, from \$7 million (or 1 per cent of export receipts) in 1982 to \$131 million (or 10 per cent) four years later, and \$609 million (or 40 per cent) in 1990; these manufactures thus have overtaken jute products as the largest source of foreign exchange earnings.

Several South-East Asian countries, notably Singapore, have made heavy investments in agro-industries. Export earnings on leather goods, frozen shrimps and fish have also been on a steep upward trend, from \$116 million (or 18 per cent of export receipts) in 1982 to \$317 million (or 21 per cent) in 1990.

In Nepal, the improved investment climate attracted some 76 joint ventures with investment outlays totalling almost 1.9 billion rupees in 1981-1987, compared with only 8 joint projects worth just over 1 billion up to 1981.

Exports of woolen carpets and to a lesser extent, garments have gone up sharply; these products earned some \$127 million (or 71 per cent of total export receipts) in 1990, from \$60 million (or 38 per cent) four years earlier, and \$7 million (or 7 per cent) in 1982.

There are also notable gains in the export of fisheries and garments made by Maldives, another least developed economy. Their combined values stood at \$9 million in 1982 and \$53 million in 1990; these were equivalent to about 91 per cent of merchandise export receipts during both years, observes the survey.

Such an expansion in export capabilities in these economies is most striking considering the severe difficulties in development facing them.

In particular, Bangladesh suffered a sharp drop of some 30 per cent in its terms of trade and lower aid receipts in the early 1980s; there were then a series of devastating natural calamities in 1987, 1988 and 1991.

The observed export trends illustrated much latent economic dynamism, creativity and cumulative learning that could be generated, even in the most densely populated, poorest and one of the smallest nations, through a supportive domestic policy framework and reasonably favourable external conditions. This revealed potential thus gives ground for cautious optimism, the survey maintains.

# Investment in CEPZ grows 87 pc

By Staff Correspondent

The Chittagong Export Processing Zone (CEPZ) has experienced a big growth in investment, employment and export since 1990.

The investment in the Chittagong EPZ registered an increase of about 87 per cent over the investments made up to 1990. Total foreign investment made in the last four months exceeded the total investment made up to December, 1990, according to a CEPZ press release.

The employment in CEPZ has also increased by 85.71 per cent since 1990. The enterprises in CEPZ now employ 13,000 workers as against

7,000 in 1990.

The exports from the Chittagong Export Processing Zone has also been rising sharply since 1990. During 1990, the enterprises exported goods worth about US \$ 42 million equivalent to Tk 1680 million, while in 1991, the export value stood at US \$ 60 million (Tk 2400 million) which marks an increase of 43 per cent over the 1990 export.

The exports are likely to exceed US \$ 100 million (Tk 4000 million) by the end of this year. The CEPZ firms has already exported over US \$ 24 million in the first three

months ending March, 1992.

The exported goods include electronics and electrical goods, audio and video equipment, garments, terry towel, textiles and textile fabrics, shoe, steel chain, head-wear, sports equipment and accessories, leather goods, automobile parts, perfumery and artificial flower.

The countries which have invested in the Chittagong Export Processing Zone are: Japan, South Korea, USA, Hong Kong, Pakistan, Singapore, UK, Germany, Australia, Holland, Sweden, Thailand, India and Bangladesh.

The government has already taken steps to establish two more Export Processing Zones in the country — one near Dhaka and the other at Khulna.

Infrastructure work of the Dhaka EPZ has already started. Foreign investors would be able to start construction work of their factory buildings by September-October this year. It is expected that some of the factories would go into production by March 1993.

Ziaur Rahman took initiative in the year 1978 to set up Export Processing Zone in Bangladesh and finally it came into being in the year 1980.



Foreign Minister A S M Mustafizur Rahman formally opening the newly-built Biman Bhawan, Khulna, on Wednesday morning. Special guest and the State Minister for Civil Aviation and Tourism Abdul Mannan, Secretary, Ministry of Civil Aviation and Tourism, Habibur Rahman and Biman Managing Director Abdul Mueed Chowdhury were present.

# 'Steps taken to upgrade image of Biman'

KHULNA, Apr 8: Foreign Minister A S M Mustafizur Rahman said that appropriate steps had already got underway to upgrade the image of Biman Bangladesh Airlines at home and abroad by making it more service-oriented and profit-earning concern, reports BSS.

He said this while formally opening Khulna district office bhawan of Biman Bangladesh Airlines here Wednesday, according to an official handout.

The inaugural function was also addressed among others by State Minister for Civil Aviation and Tourism M A Mannan, local MP Shaikh Harun ur Rashid and Managing Director of Bangladesh Biman, Abdul Mueed Chowdhury.

The two-story building has been completed at a cost of Tk two crore 50 lakh. The foundation of the building is for eight-story.

Describing the present age as the age of communication, Foreign Minister reaffirmed that necessary measures would be taken to establish an airport in Khulna considering its sig-

nificance as the city of port and industries.

He called upon the industrialists and trade community to accelerate the pace of their industrial and commercial activities in this region so as to justify the necessity of settling up an airport and constructing Rupsha bridge that could go a long way to ensure the maximum utilisation of Mongla Port and make it a modern and more effective sea port for development of country's economy.

Referring to the resource constraints of the country the Foreign Minister asserted that every development activity had to be initiated under well-calculated planning in order to ensure proper utilisation of hard-earned foreign currency.

He further said that funds for construction of five-story Baitun-Nur mosque in Khulna had already been placed, steps already taken for completion of Dhaka-Mawa road and for development of children hospital in Khulna.

# BSCIC to hold Baishakhi mela

By Staff Correspondent

Baishakhi Mela-1399 (a fair to mark the Bangla New Year), organised by the Design Centre of Bangladesh Small and Cottage Industries Corporation (BSCIC) will be held at Dhanmondi Club ground from Baishakh 1 to Baishakh 7 (April 14 to April 20).

Besides handicrafts and cottage industry products, there will be 600 stalls for readymade garments, plastic, electronics, leather, bamboo, ceramics, and Jute goods, Nakshi Kantha, wooden products and books in the mela.

The Design Centre of BSCIC will reward 20 persons as best and most skilled craftsmen for the year 1398 (BS) in different handicrafts and cottage industry categories.

# Price Index

April 8

Essentials	(Taka per kg)	Index
Mustard	28.00-30.00	
Mung	28.00-30.00	
Chickpea	24.00-25.00	
Khanari	15.00-16.00	
FRUITS		
Green Coconut (Small)	5.00-6.00	
Watermelon (Large)	30.00-45.00	
Coconut (Large)	8.00-10.00	
Banana (Sager) (Large)	12.00-15.00	
Banana (Chapa)	2.50-3.00	
Dess	(Taka per kg)	
OIL	(Taka per litre)	
Mustard	52.00-54.00	
Soyabean	37.00-38.00	
Coconut (Colombo)	90.00-95.00	
Vegetable Ghee (1kg)	48.00-50.00	
SPICES	(Taka per kg)	
Onion (local)	7.00-8.00	
Garlic (local)	20.00-24.00	
Chillies (dry)	60.00-70.00	
Tumeric(Round)	40.00-45.00	
(Long)	48.00-50.00	
Green chillies	12.00-16.00	
Onion	16.00-18.00	
Cardamom (10gms)	3.00-4.00	
Cardamom (10gms) (small)	7.00-8.00	
Jute (Sagms)	7.00-8.00	
MILK	(Two kgs)	
Dano	295.00-296.00	
Red-Cow	296.00-297.00	

Source: Department of Agriculture marketing

# Shipping Intelligence

## Chittagong Port

Berthing Position & Performance of Vessels as on 8/4/92

Berth No	Name of Vessels	Local Agent	Date of Arrival	Leaving	Cargo
J/1	Shaplesverett	EBPL	2/4	10/4	GI
J/2	Banglar Urmil	ISC	6/4	15/4	GI
J/3	Seyang Acc	PROG	4/4	10/4	GI
J/4	Selina-e-Haider	ASLJ	2/4	14/4	GI/GL
J/5	AFJ Anand	NISHAT	31/3	20/4	Coke/Pease
J/6	Astan Angel	JF	2/4	8/4	GI
J/8	Banglar Gourab	ISC	23/3	11/4	GI
J/10	Osmann Kurt	ROYAL	29/3	8/4	M Bales
J/11	Mount Sabana	AML	31/3	10/4	C Bales
J/12	Golden Fish	BSL	27/3	15/4	MOP
J/13	Fenling	MSA	24/3	8/4	C Pease
MPB/1	New Genlord (Cont)	BDSHIP	1/4	8/4	Cont
MPB/2	Peter Starostin (Cont)	CT	6/4	10/4	Cement
	Bang: Mataram	SW	6/1		
CGJ	Samudra Raj	SSL	18/3	12/4	Repair
GSJ	Al Tafair	KSL	R/A	9/4	Wheat
DD/1	Erduren Sea	ESC	25/1	14/4	Repair
DD/2	Danglar Mamata	ISC	26/2	12/4	Repair
RM/3	Banglar Jyoti	ISC	R/A	8/4	Repair
RM/4	Tamar Summer	SEACOM	2/4	10/4	CRSO
RM/6	Samudra Samrat	SSL	26/3	8/4	Repair
RM/8	Laural Star	IML	14/2	10/4	Repair
RM/9	Banglar Swarna	ISC	R/A	15/4	Repair

## Tanker Due

Name of Vessels	Local Agent	Date of Arrival	Last Port	Cargo
Matterhorn	DSLL	8/4	-	Crude Oil
Everila	MSPL	9/8	-	Lub Oil
Anax Puma	JF	11/4	-	Tallow

## Vessels at outer Anchorage

### Ready on

Name of Vessels	Local Agent	Date of Arrival	Leaving	Cargo
Aken (Cont)	RSL	7/4	Sing	Cont
Hong Wang	H&H	7/4	Sing	Cement
Fong Shin (Cont)	BDSHIP	6/4	Sing	Cont
Banglar Sampad	ISC	R/A (31/3)	Sing	Wheat
Al Tabith	KSL	R/A (7/4)	Sing	Wheat

## Vessels not ready

Name of Vessels	Local Agent	Date of Arrival	Leaving	Cargo
Pionar	MSA	4/4	-	Salt
Hang Fook	BRIGHT	1/4	-	Cement
Adkris	BSL	30/3	Sing	Gold Rollo
Ranjay Victory	PSAL	7/4	-	Cement
Amnic	SSL	8/4	Argen	Wheat
Banglar Asha	ISC	R/A (7/4)	Sing	Wheat

## Vessels awaiting instruction:

Name of Vessels	Local Agent	Date of Arrival	Leaving	Cargo
Banglar Kiran	BSC	R/A (6/4)	Sing	Cont
Banglar Shourab	ISC	R/A (6/4)	Sing	Cont
Al-Tafair	KSL	28/3	Sing	Cont
Banglar Sampad	ISC	31/3	Sing	Cont
Hang Tone	H&H	31/3	Sing	Cont

## Vessels not Entering

Name of Vessels	Local Agent	Date of Arrival	Leaving	Cargo
Ayan	ALAMIN	R/A (18/9)	Sing	Cement
Red Deer	OTL	R/A (26/11)	Sing	Cont
Oryx	AQUA	27/2	Sing	Salt
Hang Tone	H&H	31/3	Mong	Scraping
Allissa	H&H	18/3	Padra	Cement
Malleco	OTL	31/3	Huan	Scraping
Sea Progress	AML	8/4	Padra	Cement
Olympic Phoenix	BSL	R/A	Sing	Cont
Liberty Boole	KSL	8/4	Sing	Wheat

## Vessels due at outer Anchorage

Name of Vessels	Date of Arrival	Last Port	Cargo	Local Agent	Loading
NGS Ranger (Cont)	8/4	Sing	Cont	BDSHIP	Sing/Mongla
Kota Buana (Cont)	9/4	Sing	Cont	CTS	Sing
Theomana	9/4	Rio	-	JF	-
Platon	9/4	Agaba	R Phos	SST	-
Wear Star (Cont)	10/4	Cal	Cont	BDSHIP	Sing
Dimitry Poluyan (E/L)	11/4	-	GL	CT	Odeasa
Dekhoda	11/4	-	-	-	-
Eastern Breeze	11/4	-	-	RPSA	-
Andrian Goncharov (Cont)	12/4	Cont	Cont	CT	Sing
Ahlers Breeze (Cont)	12/4	Col	Cont	RSL	Col
Shezan	12/4	Juba	Sulphur	AQUA	-
Robert-e-Lee	12/4	-	Lash	KARNA	USA Ports
Ever Cheer (Cont)	13/4	Sing	Cont	BDSHIP	Col
Silver Sea	13/3	-	-	PROG	-
Fong Yun (Cont)	13/4	Sing	Cont	BDSHIP	Sing
Mandiri (Cont)	14/4	Col	Cont	RSL	Sing
Arunchal Pradesh	16/4	-	-	GI	Far East, Japa
Infinity (Cont)	17/4	Sing	Cont	RSL	Sing
Orient Venture	17/4	-	-	GI	ESA
Petr Starostin (Cont)	20/4	Sing	Cont	CT	Sing

## Mongla Port

Berthing Position & Performance of Vessels as on 8/4/92

Berth No	Name of Vessels	Cargo	L Port	Local Agent	Date of Arrival	Date of Depart
J/8	Eastern Breeze	Balast	Cig	RRS	13/2	-
J/8	Banglar Robi	GI	Cig	ISC	4/4	-
J/9	Banglar Kallol	Exp	Cig	ISC	2/4	-
MB-1	Summit Venture	Wheat	Cig	BSL	30/3	-
MB-2	Al-Swamuz	Exp	Cig	ATLAS	23/3	-
MB-3	Sea Tradition	Cement	Cig	AQUA	7/4	-
MB/4	Vigorous Swan	Periti	Cig	AGT	1/4	-
MB/5	Dimitry Poluyan	Jute S	Port	CT	28/3	11/4
S/1	Al-Rahman	Cement	Indon	MAVH	7/4	-
S/2	Darien	Export	Cig	RRS	21/9	-
S/3	Ocean Earth	Cement	Cig	SUN-SHIN	27/3	10/4
S/4	Ply-I	Cement	Cig	Paragon	29/3	-
S/5	Ronjay Choomi	Cement	Cig	Sawan	29/3	-
S/6	Jalagodavart	Cement	Indon	SSL	-	-
S/7	Hang Shin	Shoda	Cig	Pioneer	8/4	10/4
N/4	Argos	Exp	Col	BRDS	7/4	-
N/5	Continet-1	W Pulpa	Cig	BSL	8/4	-

## Vessels due

Name of Vessels	ETA	ETD	L Port	Local Agent	Cargo	Loading
Oryx	9/4	-	Cig	AGT	Salt	-
Allissa	9/4	-	Cig	MAKH	J Goods	-
Samudra Samrat	9/4	-	Cig/MODHUMATI	J Goods	Karachi/S/Pure	-
Hang Wan	10/4	-	Cig	MAKH	GI	-
Shaplesverett	11/4	12/4	Cig	Everett	J Goods	