

Bangladesh— a climate suitable for foreign investment

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With an improved level of infrastructure, a favourable investment climate, a stable economy and a large competitive work force, Bangladesh provides investors a welcome opportunity. In its 20 years as a free nation, Bangladesh has shown modest

50 million by the year 2000. The decade long effort of increased support for education, including technical & vocational has paid off, more and more its growing population is entering the work force with a complete education. A number of American

international carriers have regular flights to Dhaka. Bangladesh Biman, the national flag carrier, links over 28 cities in Asia, Europe and Africa. A growing network of waterways, roads & rails support the continued development. Sufficient transportation system links

private investment in Bangladesh. In fact, initiatives have come from the present democratic government to attract foreign direct investment. In a revolutionary swing towards market economy, it has introduced reforms which focused on deregulation, disinvestment and denationalisation of the economy. The objectives of these reforms are to provide a free hand to entrepreneurs in selection and establishment of industries of their own choice.

All investment controls have been abolished except for a limited short list of specified items. Foreign investors are now free to invest any quantum of capital in Bangladesh and retain 100% equity ownership. They are now treated at par with local

Biman's Role in BEPZA's Export Promotion in Bangladesh

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Since the establishment of Bangladesh Export Processing Zone Authority (BEPZA), the industries situated there are playing a significant role in promotion of export from Bangladesh. Biman Bangladesh Airlines has been observing these developments with great enthusiasm in its own commercial interest. Prosperity of BEPZA and Biman can go hand in hand so far as the promotion of export of cargo by air is concerned.

With a view to facilitating transportation of Foreign Investors and their local counterparts working in BEPZA and for easy transportation of cargo by air, Biman Bangladesh Airlines is operating its inaugural flight in the



Entry to CEPZ

Chittagong-Rangoon-Bangkok route today in addition to providing the opportunity of direct travel from Chittagong to Bangkok via Rangoon, upto 2 tons of cargo can be transported by this flight. Though this flight is being operated by F-28

aircraft initially, but with the induction of midhaul aircraft this flight will be operated with aircraft with larger capacity. Biman considers Hon'ble Prime Minister's visit of BEPZA Chittagong on the day of Biman's inaugural flight from Chittagong to

Rangoon and Bangkok as an event of great significance.

We would like to announce on this very important day that Biman is contemplating to operate cargo freighter service between points in Bangladesh, South East Asia, Far East, Middle East and Europe. With the commencement of these planned freighter services the space constraint presently hindering import of raw materials and Export of finished goods will be removed to a great extent. Biman firmly believes that operation of freighter service will greatly contribute towards promotion of exports from Bangladesh and BEPZA.



Inside view of a fishing reel factory

economic stability. The country has averaged a steady 3.8 percent gross domestic product and per capita income has also

European and Asian entrepreneurs who originally set up business in other Asia-Pacific region countries have recently relocated to

the major cities of the country. Nearly all shipping lines trading in the Indian and Pacific Oceans call on Chittagong, the country's biggest port, located 180 miles South East of Dhaka. Mongla, the second largest port, is located in Southwest Bangladesh and handles roughly 20 percent of the country's sea cargo.

International communication network bolsters the country's expanding industrial base. International telex, fax and telephone services connect Bangladesh directly with almost all countries of the world. These publicly owned telecommunication services serve the needs of business at competitive rates and plan to expand dramatically to keep with increasing demands. Electricity, gas and water are public service utilities. The government has undertaken



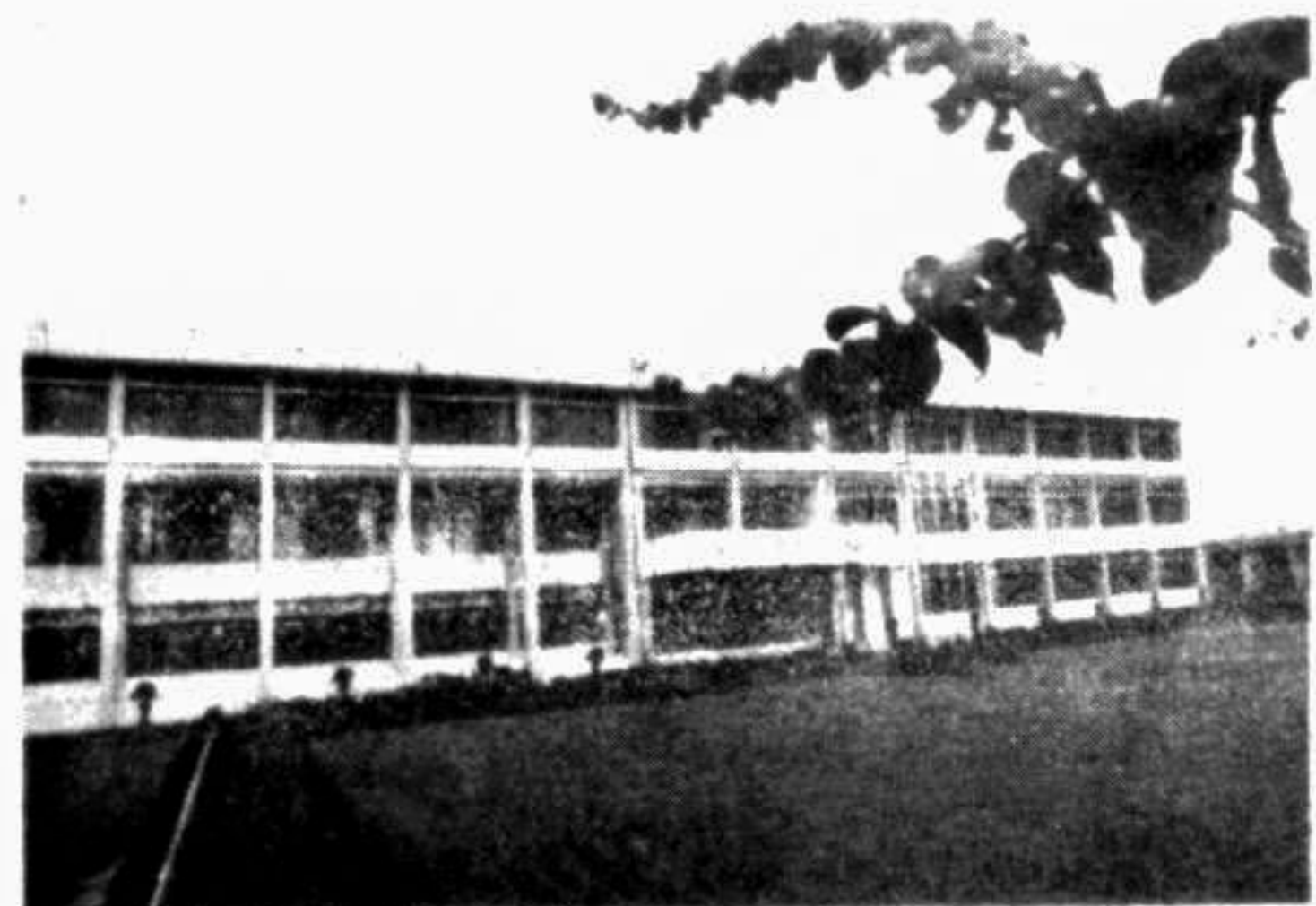
View of a factory building at CEPZ

investors. Restrictions on movement of foreign exchange have been abolished. Foreigners are allowed to bring in, possess and take out foreign currency freely. New industrial policy kept provisions to protect and promote private sector investment. The reforms introduced a variety of incentives including liberal import policies, withdrawal of ceilings, on private investment, exchange rate adjustments and a package of fiscal incentives. Investors in Bangladesh may also take

expropriation and provides full indemnification in the event of financial loss due to civil unrest. Full repatriation of investment and fair and equitable treatments are also assured under this act.



Inside view of a high-value holiday tents factory



Zone Service Complex of CEPZ

progressed slightly averaging US\$ 180. Inflation averaged 10 percent annually over the past decade. Industrial production contributes about 12 percent to GDP with industrial growth estimated at about 6 percent.

Bangladesh to lessen their labour costs and maintains operations without the stress of unrest and rising production cost. Those who wish to lower their

The economy of Bangladesh is primarily based on agriculture with most crops grown for domestic consumption. While in recent years the agricultural sector continues to expand and non-traditional sectors like leather hides, ready made garments & frozen sea food has increasingly developed. Two decades ago companies involved in light industry and manufacturing performed traditional parts assembly. Today many firms assemble and manufacture various consumer electronic products and components. Non-traditional sectors of leather, seafood and ready made garments are contributing more than 60% percent of external trade. Today, Bangladesh has a growing number of managers, engineers, technicians and skilled labours available for wages that are lowest in Asia and competitive worldwide. Bangladeshi workers so far have demonstrated their willingness to learn skills that support modern production techniques. This energetic and underutilized labour force of 46.5 million is projected to grow more than

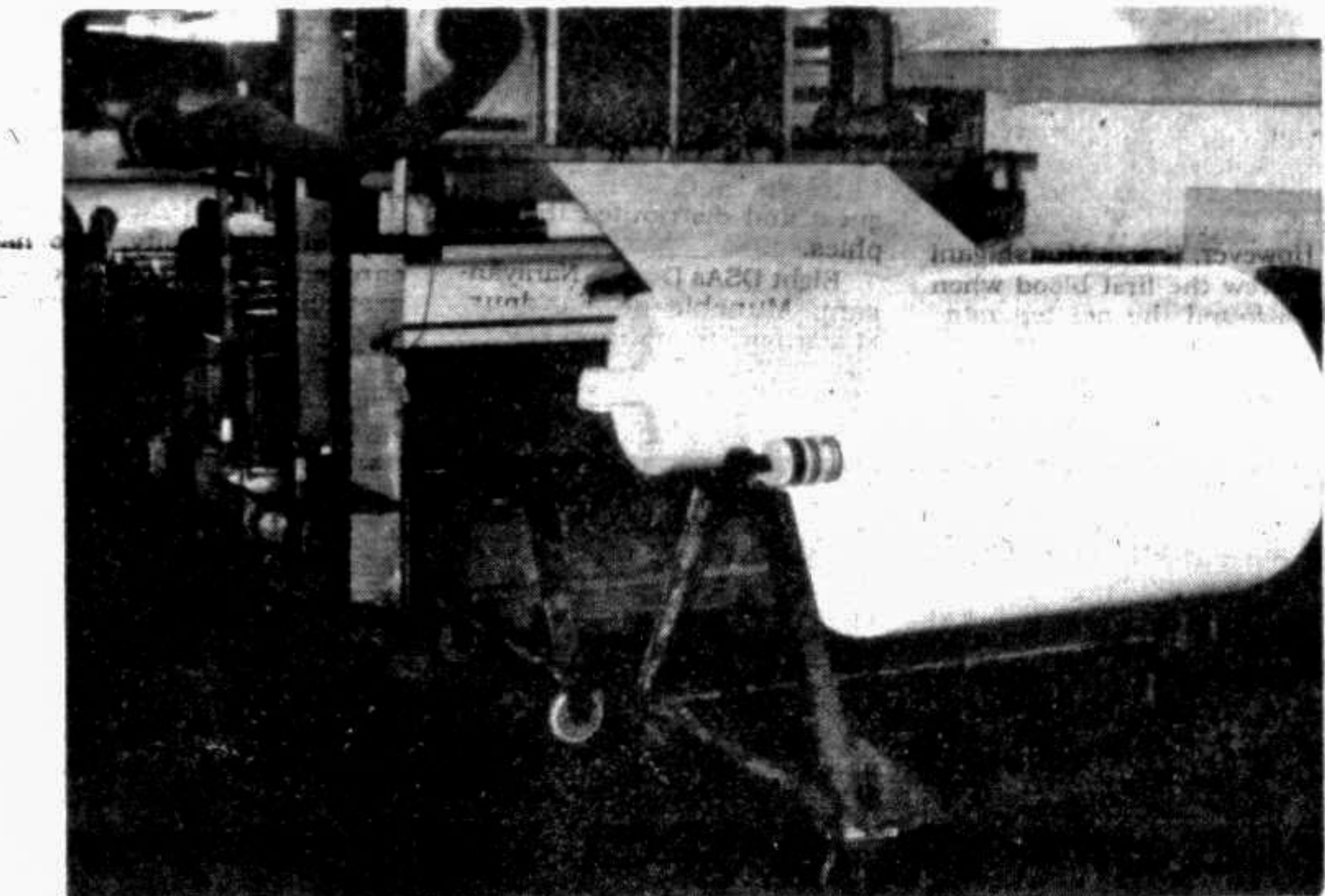


Inside view of a shoe factory

production costs and gain access to growing Far Eastern markets are finding multiple reasons to choose Bangladesh. Infrastructure development remains a central goal of government and in the next decade, huge capital investment is in the process to expand its already adequate infrastructure. Bangladesh's central location in South Asia makes it easily accessible by air from Europe, Asia and the United States. More than a dozen

major development efforts to ensure readily available access and continual supplies of these services. Bangladesh Bank is the country's central Bank, it

advantage of the generalized system of preferences (GSP) which allows duty free access to American, European and Japanese markets. Imports

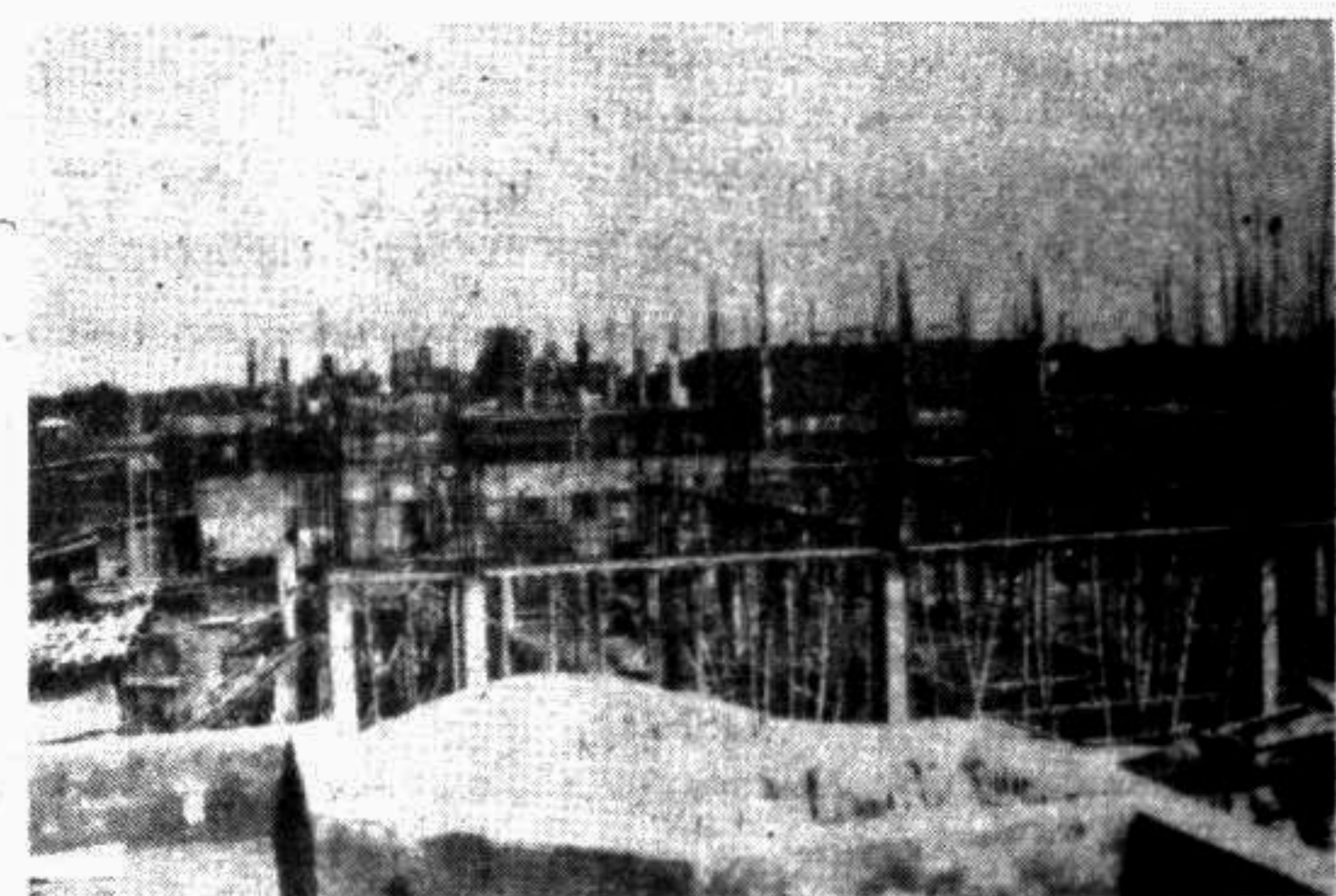


Printing section of a textile mill

Export Processing Zones are another category of industrial zones enjoying special facilities. These special zones with necessary infrastructural facilities provided by the government, offer very attractive incentives such as 10 year tax holiday, Customs duty exemption on imported machinery, raw material, office equipment and exemption of provisions of all labour laws. For investors setting up industry in the Export Processing Zone, they are to submit only an application to the Authority for approval. On the coast of the Bay of Bengal lies the Chittagong Export Processing Zone. This free trade zone is conveniently located only 3.5 miles from the country's major sea port, Chittagong, and not far from the Chittagong Airport. Such close proximity to air and sea port makes the CEPZ an attractive investment location for export oriented industries.

cheap labour supply and take advantage of a progressive industrial environment. Labour laws in the zone are liberal and strikes are prohibited. The EPZ's utility services and infrastructure meet international standard because the authority deals directly with the issuance of import, export, work permit of the zones in a timely, efficient fashion. Several nations operating units in the CEPZ include Holland, Hongkong, Japan, Pakistan, Singapore, South Korea, Sweden, Sri Lanka, the United Kingdom and the United States.

The infrastructure development of second EPZ at Savar, 35 Kms from the



An under construction factory building at DEPZ



View of a factory building at CEPZ

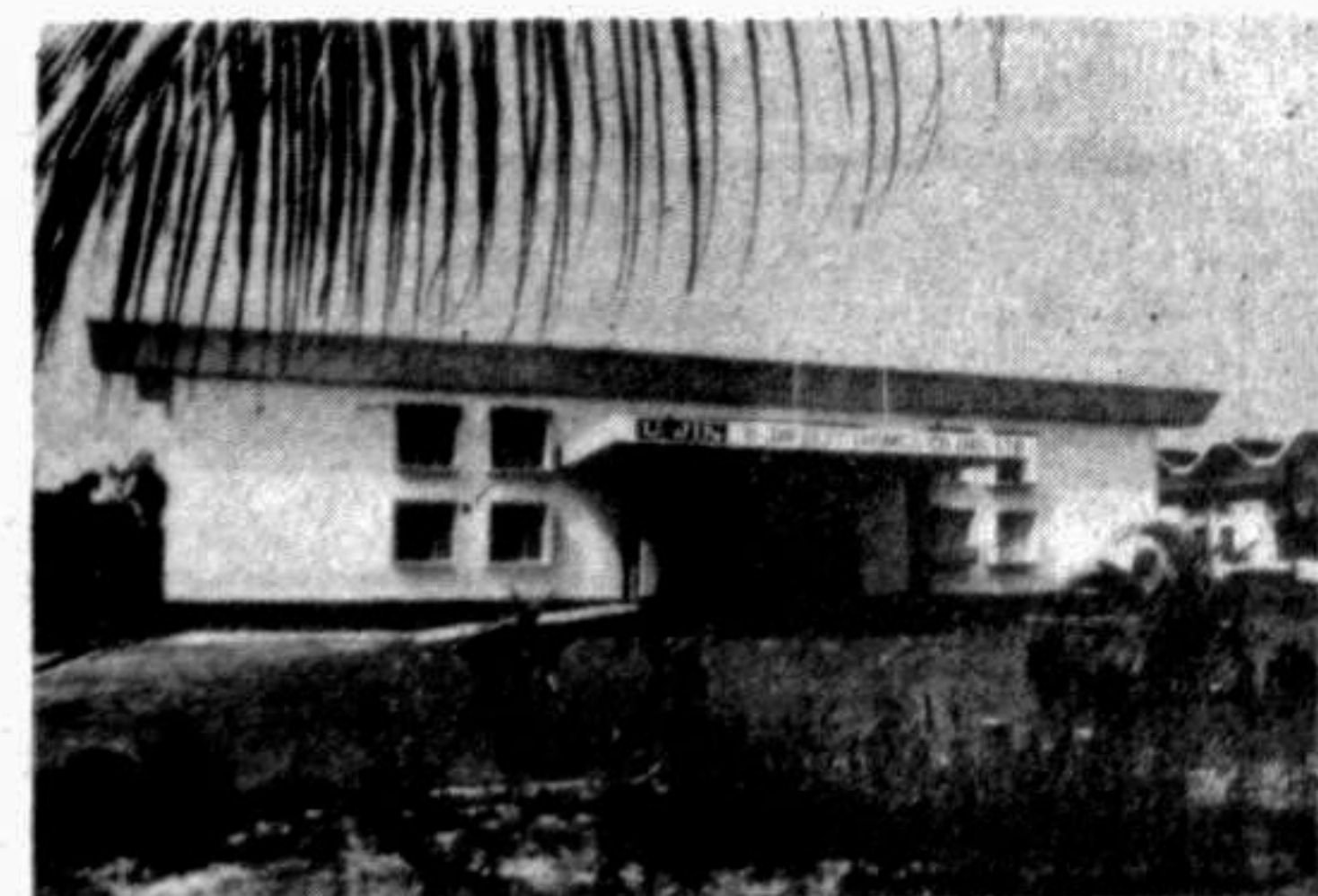
controls the money supply and sets credit policies. Foreign banks also operate in Bangladesh to help facilitate international trade through letters of credit, performance bonds & so forth. Several major international financial organisations also support

into the United States from Bangladesh also enjoy most favoured nation (MFN) status. In 1980 the foreign private investment (Promotion and protection) Act was signed. This act guarantees foreign investors protection against nationalization or

The services of Chittagong Export Processing Zone are competitive with free trade and export zones in the Asia-Pacific region and the zone has increasingly become a profitable investment site for transnational corporations. Firms enjoy the free trade zone as it provides a unique combination, companies use the country's abundant

capital is going on in full swing and expected to be commissioned by March 1993. The response we are receiving from the multinational firms for DEPZ is quite encouraging.

In analyzing situation of Bangladesh, it will be useful to explore the circumstances in which this economic growth has occurred, and the patterns of growth that have emerged as a result, for many of the economic characteristics of Bangladesh, including high population density, largely undiversified economy, were at one time shared by many of the now most rapidly newly industrialising countries.



View of a factory building at CEPZ



Inside view of a high-tech electronic factory