

THE Bangladesh Investment CONFERENCE

THE EMERGING TIGER

EUROMONEY
Conferences

CO-HOSTED BY: BANGLADESH BOARD OF INVESTMENT

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Why Invest in Bangladesh

by M Mokammel Haque

Executive Chairman, Board of Investment

POISED to enter the 21st Century, Bangladesh is now trying to make up for the lost time and accelerate the process of development. On the economic front the Government has taken the country on the road to self-reliance. Over the last three and half years the Government has successfully addressed the country's macro-economic and structural problems. The incentives frame work for the private manufacturing sector has been altered for establishing a market oriented economy to enable its integration with world markets. As a result, Bangladesh is now enjoying a stable macro-economic conditions, more domestic savings are being generated, investment has increased, resources are being utilized more efficiently and progress has been achieved in the area of human resource development. The more remarkably, the success in the economic field has been achieved in the backdrop of a process of political transition towards a democratic and accountable system of Government in Bangladesh.

Bangladesh is a country with great economic investment potentials. The rich natural endowments, vast human resources and her geographical location make Bangladesh a

good choice for investment. Optimization in the use of resources, both human and material, exploitation of growth potential of the economy, particularly in areas where Bangladesh possesses distinct comparative advantages and improvement of the quality of life of the people are central to the government's development strategy. In recognition of the private sector's ability to contribute towards achievement of higher growth path through rapid employment creation the goals of socio-economic improvement to its people and self reliance for the nation, the government has recently implemented a number of policy reforms. These are designed to create a more open and competitive climate for foreign investment.

Private investment from foreign sources is welcome in all areas except five strategic industries reserved for public sector investment only. There is no restriction on the amount of investment of equity shares. 100 percent foreign investment and joint venture with local private partners or with public sector are freely allowed. Foreign investors now enjoying the treatment as provided to domestic investors. Foreign investors are

eligible to take advantage of a wide range of generous tax incentives, other fiscal incentives and facilities. The foreign private investment (Promotion and Protection) Act, 1980 ensure legal protection to foreign investment in Bangladesh against nationalization and expropriation and guarantee repatriation of capital and return from it and equitable treatment with local investors with regard to indemnification, compensation etc. in the event of loss and civil commutation etc. Guarantees through Multilateral Agencies are available since Bangladesh is signatory of Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group Overseas Private Investment Corporation (OPIC) of America and International Centre for Settlement of Investment Disputes (ICSID). Bangladesh government has already concluded bilateral Agreement with United Kingdom for avoidance of double taxation and investment treaty for promotion and protection of investment.

The Government has taken several steps to make import liberalization and industrial deregulation more effective including announcing its strategy of reducing effective pro-

tection over the medium term; continuing its efforts to lower and simplify tariffs, publishing a clear tariff schedule; developing an action plan for legal reforms and a blue print for deregulation, putting in plan an action plan for implementing its export development strategy. These efforts have improved the investment climate in Bangladesh.

A number of incentives and facilities are provided to attract foreign investors. Prominent among the incentives are (i) tax holiday (ii) repatriation of invested capital profit and dividends, (iii) investment of repatriable dividends treated as new investment, (iv) no obligation to sell shares through public issue irrespective of the amount of paid up capital (v) working capital from local banks for foreign investors, (vi) tax exemption on royalties, technical know-how and technical assistance fees, (vii) tax exemption on the interest on foreign loans and on capital gains from the transfer of shares (viii) avoidance of double taxation with a number of countries, (ix) exemption of income tax upto three years for foreign technicians employed under registered industries, (x) remittance upto 50% of salary of foreigners employed in

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MESSAGE

It is heartening to learn that Bangladesh Board of Investment (BOI) and EUROMONEY, UK, are co-hosting the Bangladesh Investment Conference: The Emerging Tiger. It is timely that the Board of Investment is bringing out a special supplement on this occasion.

The aim of this conference is to promote direct and portfolio investment in Bangladesh by bringing together foreign investors, multinational corporations, bankers and other intermediaries with leading industrialists and business houses from Bangladesh. During meetings and interactions through this conference, I hope, they will explore the immense opportunities we have to offer and share with us the benefit of industrial growth of Bangladesh.

Bangladesh is poised to take off. Euromoney has defined this country as the Emerging Tiger. I am sure that this conference will contribute significantly towards the achievement of the goals set by our Government and its people.

I wish the conference all success.

Abdur Rahman Biswas
President
People's Republic of Bangladesh

The Resilient Economy of Bangladesh — the Emerging Tiger

by Dr Syed Yusuf Farooq

Member, Executive Council, BOI

BANGLADESH, geographically is a new country but historically it has a glorious past, rich cultural heritage and tradition. The artists, poets, artisans, farmers of this land helped to create a civilisation, which has passed the test of time and flourished for centuries. The country fought and won its latest independence in 1971, prior to which it was a part of Pakistan from 1947 and India since 18th century. These dominances and governance by others understandably left its

economy in shambles. Which led the foreign press to depict it as a hopeless case, and to add more gloom to the image they never missed any opportunities to highlight and focus any natural calamity political unrest social upheaval faced by Bangladesh, more often than not out of proportion. Practically the international media made Bangladesh a synonym with poverty & disaster. They conveniently overlooked the beauty and the resources; the hardworking good natured, intelligent & homogenous people; the strategic location at the apex of the Bay of Bengal; the all weather warm water natural port facilities, proximity to huge markets, etc which are recognised as attributable qualities of a country destined to grow. In the present day context of global village and unipolar world when market economy is fast becoming the order of the day, the above advantages of Bangladesh have become more important

and relevant. Potential viability of the country for graduating as a developed economy from developing economy and least developed economy is only a matter of time if the present rate of reforms are continued on sustainable basis with sound governance. This matter will be obvious to all who cares to look into the fact and figures of Bangladesh. The gloomy pictures painted by the media are nothing more than myth. After the creation of the new state of Bangladesh in 1971, it inherited a ruined economy of damaged factories, ware houses, plundered resources, war affected people; the government adapted a socialistic pattern of economy for a brief period. It was subsequently altered and gradually steered towards market economy with private sector entrepreneurship given the driving seat by the current policies, with the government playing the role of promoter and facilitator.

Since the liberation of the country as also in the period just before the liberation movement the country faced a number of cyclones, floods, tidal bores causing unprecedented loss of lives and properties. Such colossal damages would have crippled many other countries and their economies for ever. But the hard working people of Bangladesh and the resilience of the economy have overcome the shocks time and again. Today Bangladesh can declare with due prouddness and dignity that in spite of the natural calamities and international media Bangladesh never faltered in her debt service liabilities the growth of Bangladesh economy had never been negative. The inflation never went up to any uncontrollable figures. The toll of the farmers in the field and the labour of the industrial workers and private sector initiatives kept the economy floating in the face of many adversities from time to time. When a Nation is endowed with such inherent strengths and the economy

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The Bangladesh economy is now at the threshold of faster economic growth and more rapid alleviation of poverty. The Government's economic policy over the last four years focused on addressing the economic structural and macro-economic problems, stimulating private sector investment, increasing the quantum and quality of public investment and human development. As a result, Bangladesh is now enjoying stable macro-economic conditions. It is no small achievement that basic preconditions to embark upon a path of growth which will touch the lives of the common people of Bangladesh have been fulfilled.

Bangladesh is now at the equilibrium and widely talked about as South Asia's next success story. Country's fiscal deficit has declined, inflation has been reduced to 2 per cent, current account deficit has come down to below 3 per cent of GDP from about 7.1 per cent three years ago.

The country has 5 per cent GDP growth, 10 per cent industrial growth rate, 20 per cent export growth, foreign reserves worth 6 months imports, a convertible currency and low interest rates.

Bangladesh has a resilient economic base now through the bold, brave and pragmatic macro-reforms required to fulfill the needs of a competitive global market.

This Government has been pursuing for the last three and a half-year, to offset the damage inflicted on the economy by deep seated structural problems that plagued the economy during the past decade. Bangladesh is now at a stage where the gains from reforms are being consolidated. Continued economic and industrial policies and reforms by the democratically elected government of Begum Khaleda Zia have created a firm base for economic growth. The country is now at the fringe of emergence as South Asia's next success story.



I congratulate the Bangladesh Board of Investment (BOI) and EUROMONEY for organizing BANGLADESH INVESTMENT CONFERENCE: THE EMERGING TIGER at the most opportune time. I am sure this occasion will bring together foreign and domestic investors to promote direct and portfolio investment.

I wish the conference all success.

M Saifur Rahman
Finance Minister
Government of the People's Republic of Bangladesh

MESSAGE

We are happy to be able to co-host THE BANGLADESH INVESTMENT CONFERENCE: THE EMERGING TIGER to be held at Dhaka from 23-25 January, 1995 with EUROMONEY. This event we believe, may become a turning point in our efforts for attracting investment, both foreign and local.

Bangladesh is on the threshold of taking off in its economic development. The Government has achieved considerable success in stabilizing the economy through consistently implementing a series of related reform programmes in fiscal, financial, trade, industry and investment areas. The economic growth has improved steadily since 1991.

Global investment trends are clear. Capital will flow in because Asia provides a higher return on investment than the global average. We are in a position to offer a package of incentives, facilities and freedom to operate by the investors which unequalled in the region. Recent trends in investment indicate that investors, both direct and portfolio, local or foreign, have been attracted, leading to this unique event through this conference — for them to meet, converge and coalesce. The chemistry in Bangladesh is right for investment.

We believe this conference would bring the business communities of home and abroad closer and make them partner in



progress. All our joint efforts would be useful if this even contribute towards this. I am confident this conference would yield very positive results and shall be seen as a landmark.

M Mokammel Haque
Executive Chairman
Board of Investment



MESSAGE

Bangladesh is a land of enormous opportunities with its cost effective work force. It is strategically located at the fringe area of South and East Asian high growth regions and emerging markets. Continued economic and industrial reform have created a congenial environment and firm base for industrial growth. The country now has a 5 per cent GDP growth rate, 10 per cent industrial output growth, 20 per cent export growth, foreign exchange reserves worth 6 months' import, a convertible currency and low inflation.

I am happy to learn that the BANGLADESH INVESTMENT CONFERENCE: THE EMERGING TIGER is being organized by Bangladesh Board of Investment (BOI) and EUROMONEY on 24-25 January, 1995. This conference will be attended by a large number of participants from home and abroad. The conference to be held for the first time in Bangladesh, is going to be a high water mark in our campaign for attracting direct and portfolio investment in the country. The significance of this important event needs to be appreciated by decision makers, political leaders, business leaders, bankers, financial experts and leaders of the community in general in Bangladesh.

I believe that the opportunity created by this event for potential investors from home and abroad to meet, discuss, know each other and make decisions to invest in Bangladesh will be taken full advantage of. We welcome all those who are attending the conference, and I trust that the recent rapid rise in the trend of investment in Bangladesh, both from home and abroad, would get a boost as its natural outcome.

I thank the organizers and delegates of the conference and wish the conference all success.

Khaleda Zia
Prime Minister
The People's Republic of Bangladesh

MESSAGE

I am happy to learn that Board of Investment and EUROMONEY are cohosting THE BANGLADESH INVESTMENT CONFERENCE: THE EMERGING TIGER, in Dhaka, on 24-25 January, 1995.

Late Eighties have seen unfolding of a unique era of free economy across this globe. Liberalized economies, free markets and level playing fields, withdrawal of tariff restrictions, tax concessions, and commitments to privatization has created an environment never seen before. Bangladesh have put in a most attractive package for investors, the best investment choice in South Asia. This I believe, would make it a natural choice for investors from home and abroad as the upward rapid rise in investment trends



in the last ten months indicate. I believe this conference should act as a booster in this country's persistent struggle to take off under the able leadership of our dynamic Prime Minister and consistent policies of her Government. I wish this conference all success.

M Morshed Khan
Special Envoy of the Prime Minister