

INVESTORS' CONFERENCE 1996

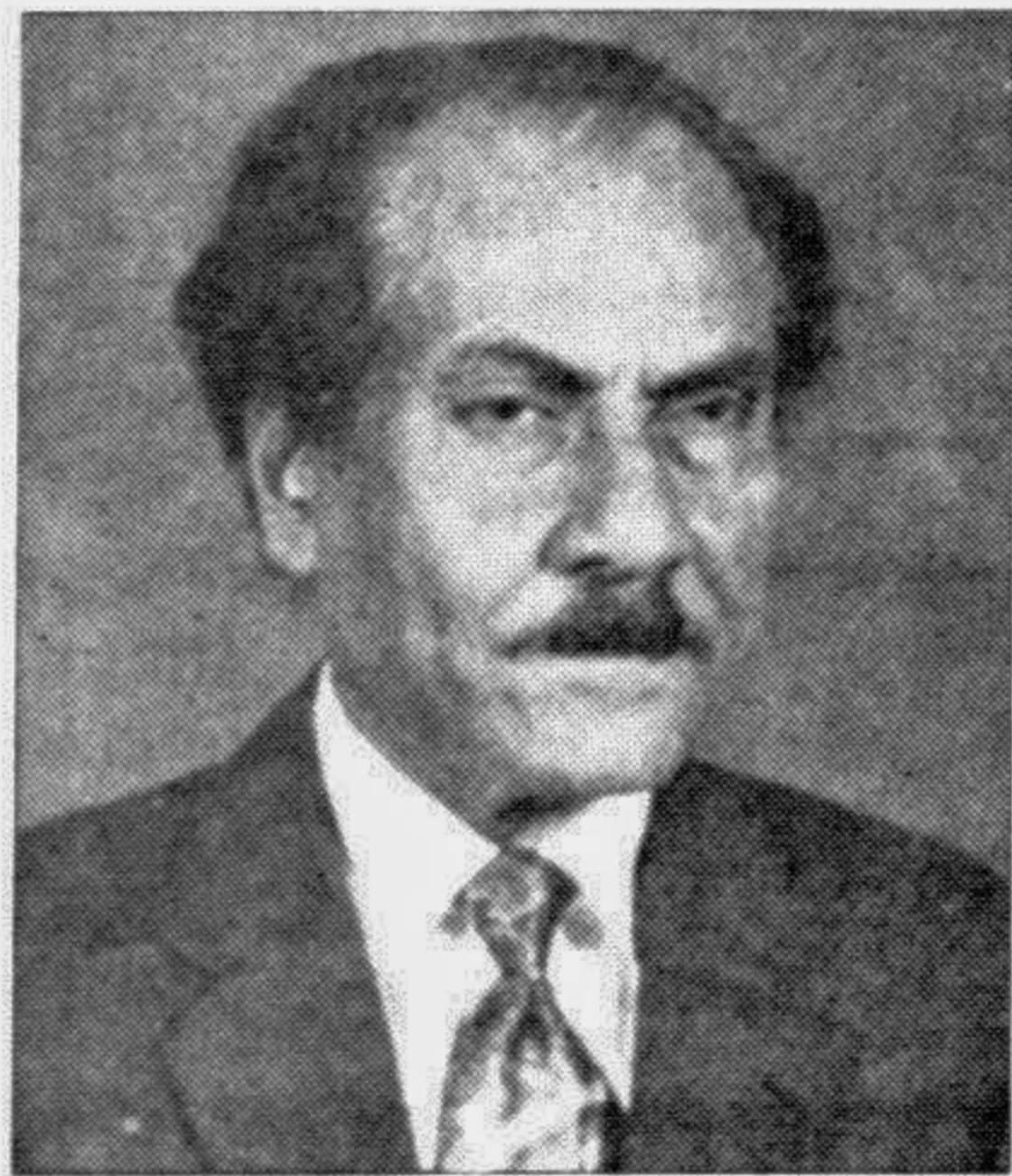
BANGLADESH EXPORT PROCESSING ZONES AUTHORITY

6th November, 1996

Special Supplement

The Daily Star

MESSAGE



I am pleased to learn that Bangladesh Export Processing Zones Authority is organising an Investors Conference to attract more foreign investment in its EPZs. I welcome such a venture.

It is expected that this conference will contribute significantly in attracting foreign investment, diversifying export and generating employment. In a competitive world market, reduction in production cost provides an opportunity to capture a greater share of the world market. Bangladesh offers most inexpensive, productive and easily trainable labour force. In this context, it is the most ideal place for establishing export oriented industries.

I wish BEPZA's success in its endeavour to attract more local and foreign investment.

Justice Shahabuddin Ahmed
President
People's Republic of Bangladesh

MESSAGE

It is indeed a pleasure to know that Bangladesh Export Processing Zones (EPZ) Authority is going to organise a conference of the investors, the first of its kind in the country with the aim of attracting foreign investment in the EPZs of the country. It is heartening to note that the authority is making relentless efforts to attract more investment, both local and foreign, in its Export Processing Zones.

Government is committed to rapid economic emancipation of the people of Bangladesh. As such, the government is attaching top priority in accelerating the process of industrialisation of the country. It is an established fact that without foreign investment no third world country can achieve this target. We have already declared 1997 as the "YEAR OF INVESTMENT" with a view to achieve this goal, the government is giving utmost importance on the establishment of more Export Processing Zones in the country.

I would like to reiterate that government is determined to provide maximum incentives and facilities to the investors of EPZs.

The success of the two EPZs and close interaction between the investors and the Bangladesh Export Processing Zones Authority have ushered in a new era in the industrialisation process of the country.

I wish the conference every success.

Joy Bangla, Joy Bangabandhu
Long live Bangladesh

Sheikh Hasina
Prime Minister
Government of the People's Republic of Bangladesh



EPZ-Investors' Paradise

Moazzem Hossain Khan

Executive Chairman

Bangladesh Export Processing Zones Authority

Bangladesh 1,44,000 Sq. Kms of 120 million people with lush green vegetation round the year and moderate weather makes it an exciting place to live in. Bangladeshis are homogeneous and friendly people taking by a common and colourful culture. Bangladesh is rich in human resources. There is an abundance of intelligent labour force including skilled and

Philippines and even Vietnam are experiencing wages increases and rising production costs that are making them less attractive as low cost manufacturing sites. The labour cost in Indonesia is also in high side. In these situation Bangladesh specially EPZs of Bangladesh become a new field and place for the foreign investors to invest their resources.

Dhaka EPZ which is double size of present Dhaka EPZ. The government has also approved another EPZ in Gazipur and process has already begun to acquire 500 acres of land in the first phase and planning to set-up more EPZs in Khulna and North Bengal. To accommodate more foreign investment the government has passed the 'Bangladesh Private Export Processing Zones Authority Act-1996' where the foreign and local sponsors are free to set up private foreign/local EPZs in Bangladesh.

Bangladesh EPZs are excellent places for setting up labour intensive, hi-tech industries and re-location of sunset industries from abroad. As a result of low wage bills and input cost, the cost of production can be kept low in a 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 it a hard going. The technology and entrepreneurship of advanced countries may draw on the abundant and cheap but extremely useful labour force of Bangladesh and reap enormous benefits to mutual advantage.

It may be mentioned here that for attracting more foreign investment the government has already taken steps to abolish all bottlenecks, red-tapism, barriers of investment climate/environment in Bangladesh.

We have organised BEPZA-Investors' Conference, '96 for attracting more foreign investors in Bangladesh. It marks an extremely important event for our economic development. It is taking place at a crucial time when global investment is shifting towards newly emerging markets in South and South east Asia.

The facilities and incentives we presently offer to our investors are as follows:

(i) Land and factory building are available on rental basis. (ii) Electricity, Water, Gas and Telecommunication are provided by EPZs (iii) Import and Export permits are issued by EPZs the same day (iv) Work permit is issued by EPZs (v) EPZs are protected area.

(i) Tax holiday for 10 years (ii) Exemption of income tax on interest on borrowed capital (iii) Duty free import of machineries, equipment and raw materials (iv) Duty free export of goods produced in zones (v) Relief from double taxation subject to bilateral agreement (vi) Exemption of income tax on Salaries of foreign technicians for 3 years subject to certain conditions (vii) Complete exemption from dividend tax for tax holiday period for foreign national and numerous non fiscal incentives.

EPZs have successfully contributed in attracting the foreign investors in Bangladesh under the dynamic leadership of Hon'ble Prime Minister Sheikh Hasina who is attaching great importance in promoting Foreign Direct Investment in Bangladesh. At present, the investors from Japan, South Korea, Hongkong, China, U.S.A, U.K., Taiwan, Malaysia, Singapore, Thailand, Canada, Germany, Pakistan, U.A.E, Spain and Bangladesh have already invested in the EPZs of Bangladesh. 93 industries from different countries are in full operation in the EPZs Bangladesh and about 70 industries are under construction/ implementation here.

"Seeing is believing" I therefore, take this opportunity to invite and request all the investors from home & abroad to visit EPZs of Bangladesh to share similar experience and see for themselves the investment opportunities, the fiscal and non-fiscal incentives the EPZs are offering for the investors which is called "The Asia's low cost production Base."



semi-skilled workers. We also have readily available a pool of professionals like University graduates, engineers, certified accountants and graduates of management disciplines awaiting. The concept of establishing EPZs in Bangladesh came from the idea that the work force in Bangladesh is the lowest in the Asian region.

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 potential higher opportunities for Bangladesh to attract higher levels of FDI and take over production and marketing operations that are being shifted from other countries.

Rising wages rates and production costs in many of the Asian countries are making many of these countries less attractive as sites for labour intensive manufacturing. Thailand and Malaysia are already well along in a transition to more technology intensive manufacturing. The

BOARD OF GOVERNORS
FORMULATES POLICIES
REVIEWS ACTIVITIES AND PERFORMANCE
ISSUES ORDERS

EXECUTIVE BOARD
OPERATION AND MANAGEMENT
OF THE AUTHORITY AND THE ZONES

CEPZ (IN OPERATION) DEPZ (IN OPERATION) GEPZ (UNDER IMPLEMENTATION) KEPZ (UNDER PLANNING)

NUMBER OF INDUSTRIES IN OPERATION

COUNTRY	NO. OF INDUSTRIES		COUNTRY	NO. OF INDUSTRIES	
	CEPZ	DEPZ		CEPZ	DEPZ
BANGLADESH	14	1	FISHING REEL & GOLF EQUIPMENT & TOYS	2	
U.S.A	0	1	ELECTRONICS & TEXTILES	9	3
HONGKONG	8	6	ELECTRICAL GOODS	9	
JAPAN	12	1	TERRY TOWEL	7	
PAKISTAN	3	1	METAL PRODUCTS	8	
MALAYSIA	2	1	PLASTIC GOODS	3	1
TAIWAN	1	1	LEATHER GOODS	5	1
GERMANY	1	1	FURNITURE	1	1
U.K.	1	1	CLOTHING	1	1
DENMARK	1	1	KNITTING & OTHER TEXTILE PRODUCTS	1	1
SWEDEN	1	1	PAPER PRODUCTS	1	1
SOUTH KOREA	1	1	GARMENTS/ACCESSORIES	2	1
U.A.E	1	1	CAPS	4	2
CHINA	1	1	TENT & ROPES	1	1
TAIWAN*	1	1	SURGICAL TOWELS & SPONGES	1	1
SINGAPORE*	1	1	MISCELLANEOUS	1	1
FRANCE*	1	1			
CANADA*	1	1			
UNDER IMPLEMENTATION					
	73	20		73	20

- FACILITIES AND INCENTIVES**
- FACILITIES**
- Land and factory buildings are available on rental basis.
 - Electricity, tele-communications, gas and water are provided by the zones.
 - Import and export permits are issued by EPZ within 24 hours.
 - Work permits are issued by BEPZA.
 - EPZ is a secured and protected area.
 - Recreational facilities are available.
 - Availability of food stuff and beverages on payment of nominal tax for foreigners working in EPZs.
 - Potential investors are required to deal only with BEPZA for investment and all other operational purposes.
 - Permanent residency to a foreign citizen investing a minimum of US \$ 75,000 or equivalent amount (non-repatriable), similarly citizenship to any foreign citizen investing US \$ 500,000 or transferring US \$ 1,000,000 to any recognised Bangladeshi financing institution (non-repatriable).
- INCENTIVES**
- FISCAL**
- Tax Exemption**
 - All foreign investments secured by law.
 - No ceiling on extent of foreign investment.
 - Duty Free Import and Export**
 - Duty free import of machineries, equipment and raw materials.
 - Duty free import of three motor vehicles for use of the enterprises in EPZs under certain conditions.
 - Duty free import of materials for construction of factory buildings in the zones.
 - Duty free export of goods produced in the zones.
 - Project Financing and Banking**
 - Off-shore banking facilities available.
 - Local and international banking facilities also wide-open.
 - Import**
 - Freedom from national import policy restrictions.
 - Import of raw materials also allowed on Documentary Acceptance (DA) basis.
 - Advantage of opening back to back L/C for certain types of industries for import of raw materials.
 - Non-Fiscal**
 - Investment**
 - Full repatriation of profit and capital permissible.
 - Repatriation of investment including capital gains, if any, permissible.
 - Remittances allowed in following cases:
 - All post tax profit and dividend on foreign capital.
 - Savings from earnings, retirement benefits, personal assets of individual on retirement/termination of services.
 - Approved royalties and technical fees.
 - Project Financing and Banking**
 - Permission for import/export given in the same day.
 - Repairing and maintenance of machineries and capital equipment from domestic tariff area allowed.
 - Employment**
 - Liberal employment of foreign technicians/experts allowed.
 - Foreigners employed in the zones enjoy equal rights similar to those of Bangladesh nationals.
 - Support Services**

Customs office, Post office, Medical center, Fire station, Police station are within the zone.
- IV. Project Implementation**
- Re-location of existing industries from abroad allowed
 - Re-location of industries from one zone to another within the country permissible.
- V. Operation**
- Sub-contracting within EPZ allowed
 - Inter-zone and intra-zone export permitted.
 - All customs formalities done at the gate site of the respective factory building within the zone.
- VI. Employment**
- Liberal employment of foreign technicians/experts allowed.
 - Foreigners employed in the zones enjoy equal rights similar to those of Bangladesh nationals.
- VII. Support Services**
- Customs office, Post office, Medical center, Fire station, Police station are within the zone.