

# DHAKA INTERNATIONAL TRADE FAIR '98

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# ঢাকা আন্তর্জাতিক বাণিজ্য মেলা '৯৮

ফেব্রুয়ারী ২২-মার্চ ২১

February 21, 1998

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## Message

I welcome the 4th "Dhaka International Trade Fair '98", jointly organised by the Ministry of Commerce and the Export Promotion Bureau.

It is essential to build up balanced commercial relations among the various countries for economic development. I hope that this International Trade Fair in Dhaka will act pivotal to the development and promotion of our product and its wide market and bring about close economic co-operation among the participating countries.

I wish the "Dhaka International Trade Fair '98" a grand success.

Justice Shahabuddin Ahmed  
President  
People's Republic of Bangladesh

## INCENTIVES FOR FOREIGN INVESTMENT IN BANGLADESH

**FAROOQ SOBHAN**  
Executive Chairman  
Board of Investment

Bangladesh is a country with great economic potential. Its rich natural endowments, vast human resources and geographical location make Bangladesh an attractive destination for investment. The country has now 5.7% GDP growth, 20% export growth, comfortable foreign exchange reserve, stable exchange rate and very low rate of inflation.

Bangladesh with a population of 120 million, has a large domestic market. It has a rapidly growing middle class and an ever expanding consumer market. A new generation of enterprising entrepreneurs has now emerged in Bangladesh. This has been proved amply by the spectacular success of the ready-made garments industry. They are now venturing into new areas in the industrial arena.

Bangladesh is located virtually as a land bridge between the emerging markets of South Asia and the rapidly growing markets of South East Asia. This offers limitless opportunities for foreign investors.

Bangladesh welcomes private investment from local and foreign sources in all areas of the economy except five industrial sectors reserved for public sector investment only. These are: (i) arms, ammunition and other defence equipment, (ii) production of nuclear energy (iii) extraction from reserved forests (iv) security printing (currency notes) and minting (v) air transportation (excluding domestic airlines and international cargo transportation) and railway.

Bangladesh offers a very attractive package of incentives to the investors, perhaps the best in South Asia. 100% foreign ownership and joint venture with local partners or the public sector are freely allowed.

Prominent among the incentives and facilities provided to foreign investors are: (i) tax holiday for a period of 5 to 10 years depending on location of the project and for 15 years for power generation (ii) 80%-100% accelerated depreciation of actual cost of machinery and plant, in lieu of tax holiday; (iii) avoidance of double taxation on the basis of bilateral agreements; (iv) import duty at the rate of 7.5% ad-valorem is payable on capital machinery and spares imported for initial installation or for BMR/BMRE of the existing industry (v) no duty on imported capital machinery and raw materials by 100% export oriented industries; (vi) tax exemption on the interest on foreign loans and on capital gains from the transfer of shares; (vii) tax exemption of royalties, technical know-how and technical assistance fees; (viii) exemption on income tax upto three years for foreign technicians employed under registered industries; (ix) easy availability of work permits to foreign nationals; (x) six months' multiple visa for the investors; (xi) 33% of IPO reserved for foreign investors; (xii) facilities for repatriation of invested capital, profit and dividend; (xiii) no discrimination on duties and taxes for similar industries in public and private sectors and also within private sector between local and foreign investments; (xiv) term loan and working capital from local banks for foreign investors; (xv) Bangladeshi currency "Taka" convertible for current account transactions and so forth.

Any person from a country recognized by Bangladesh

may get permanent residency by investing a minimum of US\$ 75,000 or an equivalent amount (non-repatriable) and citizenship by investing a minimum of US\$ 0.5 million or transferring US\$ 1 million to any recognized financing institution. Government permission is not required to set up new industries by both local and foreign investors irrespective of investment ceiling. But to avail facilities and institutional support provided by the government, investors need to apply for registration to the Board of Investment (BOI) in a simple prescribed form.

Given the large population and the lack of sufficient productive opportunities, Bangladesh offers perhaps the cheapest workforce in the South and South East Asia. Particularly for labour intensive industries, foreign entrepreneurs find Bangladesh a highly attractive place for investment. Bangladeshi workers are hard working, easily trainable and highly adaptable to new technology. Labour wage rates vary between 40 to 70 US dollar per month.

Foreign Private Investment

(Promotion & Protection) Act 1980 ensures legal protection to foreign investment in Bangladesh against nationalization and expropriation. It also guarantees equitable treatment with local investors. Adequate protection is available for patents, designs and trade marks and copyrights. Efforts to further update these laws are under way. Bilateral Investment Guarantee Agreements have been signed with a number of countries. Bangladesh is a signatory to the Multilateral Investment Guarantee Agency (MIGA), Overseas Private Investment Corporation (OPIC) of USA, International Centre for Settlement of Industrial Disputes (ICSID) and is a member of the World Intellectual Property Organization (WIPO). It has already signed agreements with a number of countries for avoidance of double taxation.

Some of the areas of investment where there is a great deal of potential in Bangladesh are:

**Textile:** There exists a vast market for textile products in Bangladesh. Currently 2400 ready-made garment units import about 90% of their fabrics from abroad. During the year 1996-97, export earnings from RMG were about US\$ 3 billion. In order to meet the demand gap of fabrics by the year 2000, additional investments in 156 spinning mills, 371 weaving mills and 371 dyeing, printing and finishing units will be required.

**Leather and Leather Goods:** a substantial number of export-oriented leather industries already exist in the country. During 1996-97 export earnings from this sector amounted to US\$ 196 million. With the availability of an attractive range of export incentives, this is a very potential sector for investment.

**Frozen Food:** The frozen food sector is dominated by the integrated shrimp farming industry, with almost the entire output being exported. Export earnings introduction of the semi-intensive shrimp culture technology, this sector has tremendous potential for growth. Hatcheries and fish meal plants are the other potential areas in this sector.

**Power & Gas:** The government has opened up investment in power generation to the private sector to bridge the yawning gap between demand and supply. The Energy Policy

governing private sector participation in the power sector has already been announced. Private investments have already been allowed in gas exploration, and other mining and exploration activities. Four barge-mounted power plants with the capacity of 100 MW each will be operational by 1998, while evaluation of bids for three more power generation plants with a total capacity of 700 MW is under way.

**Private EPZ:** Government has recently enacted a law enabling private investors to set up Private Export Processing Zones (EPZ). The industrial units in the private EPZs will enjoy facilities similar to those in the Govt. EPZs. The Government has already approved a foreign investment proposal for a private EPZ.

Besides, there are other potential areas for investment in Bangladesh, such as: fruit and vegetable processing and canning, dairy farming and dairy products, poultry farming & poultry products, jute goods



## Message

I am very much delighted to know that Dhaka International Trade Fair has been organized for the fourth time in succession. I congratulate the Ministry of Commerce and Export Promotion Bureau for this endeavour. International Trade Fair, in the context of the existing global free market economy, is of immense importance. I believe, this fair will contribute considerably to the ample demonstration of our local products as well as to increase fraternity among the participating nations. Our government is attaching great importance to the country's export sector while at the same time undertaking large scale liberalization measures in industrial and trade policies. As a result, capital investment has increased in the country and export sector has come up with expected dynamism. We are committed and relentlessly at work to sustain this momentum of economic growth.

It is my firm conviction that Dhaka International Trade Fair '98 will usher in a new dimension for Bangladesh in the international trade arena. I wish, this fair will contribute largely to expand the scope of the products of Bangladesh and thus help build a firm foundation for the country's trade and commerce.

Joi Bangla, Joi Bangabandhu  
May Bangladesh Live Forever

**Sheikh Hasina**  
Prime Minister

Government of the People's Republic of Bangladesh



## Message

Stepping on the fourth consecutive year, the Dhaka International Trade Fair has emerged as a remarkable event in the country's trade arena. Display of a large variety of local products alongside those of foreign origin will, I

believe, contribute considerably to our product development, quality assurance and adaptation. In the perspective of the competitive world trade, this exhibition will help build a firm foundation for the promotion of our exportable products.

It is my expectation that this fair will become a successful meeting ground for buyers and sellers and thus fulfil the objective for which it is so organized. I wish Dhaka International Trade Fair '98 all success.

**Faisal Ahmed Choudhury**  
Vice-Chairman  
Export Promotion Bureau

## Message

Dhaka International Trade Fair steps into the fourth year this year. Despite many limitations, this fair has turned out to be an attractive yearly event in this region, which for all of us is a matter of great pride. The fair has been able to bring about trade linkages and further develop fraternal relations amongst nations. I am sure the process will further continue and relations deepen during DITF'98.

The country has witnessed considerable growth in the economic arena in recent times. The government's reform measures and libe-

ralization policy coupled with the enterprising role of the private sector have propelled the economy forward. In an age of globalization of trade and business, it is this enterprising and pioneering role that alone can determine our position in the unequal and competitive world. Dhaka International Trade Fair'98 is a bright starting point towards that greater objective.

I am grateful to the officers and employees of the Ministry of Commerce Export Promotion Bureau the various Chambers particularly the FBCCI and other organisation who have worked hard in organising the fair. I wish DITF'98 all success.

**Sayed Alamgir Farouk Chowdhury**  
Chairman, Steering Committee & Secretary Ministry of Commerce

modities like apparels, frozen shrimps, ceramic, leathergoods, toiletries, handicrafts, etc. This is a positive step towards expansion of marketing facilities for Bangladeshi products both at home and abroad.

I hope the Fair will provide an opportunity to the visitors to be acquainted with goods and services of different countries participating in the trade fair which will largely contribute to promote the regional as well as international trade. I believe that this Fair will provide opportunities to both local and foreign buyers and sellers for effective business discussion and exchange of necessary information. On behalf of the apex body of the business community of Bangladesh, I take this opportunity to offer my hearty felicitations to the organizers and the participants and wish the DITF'98 a grand success.

**Tusifur Abdullah Harun**  
President FBCCI

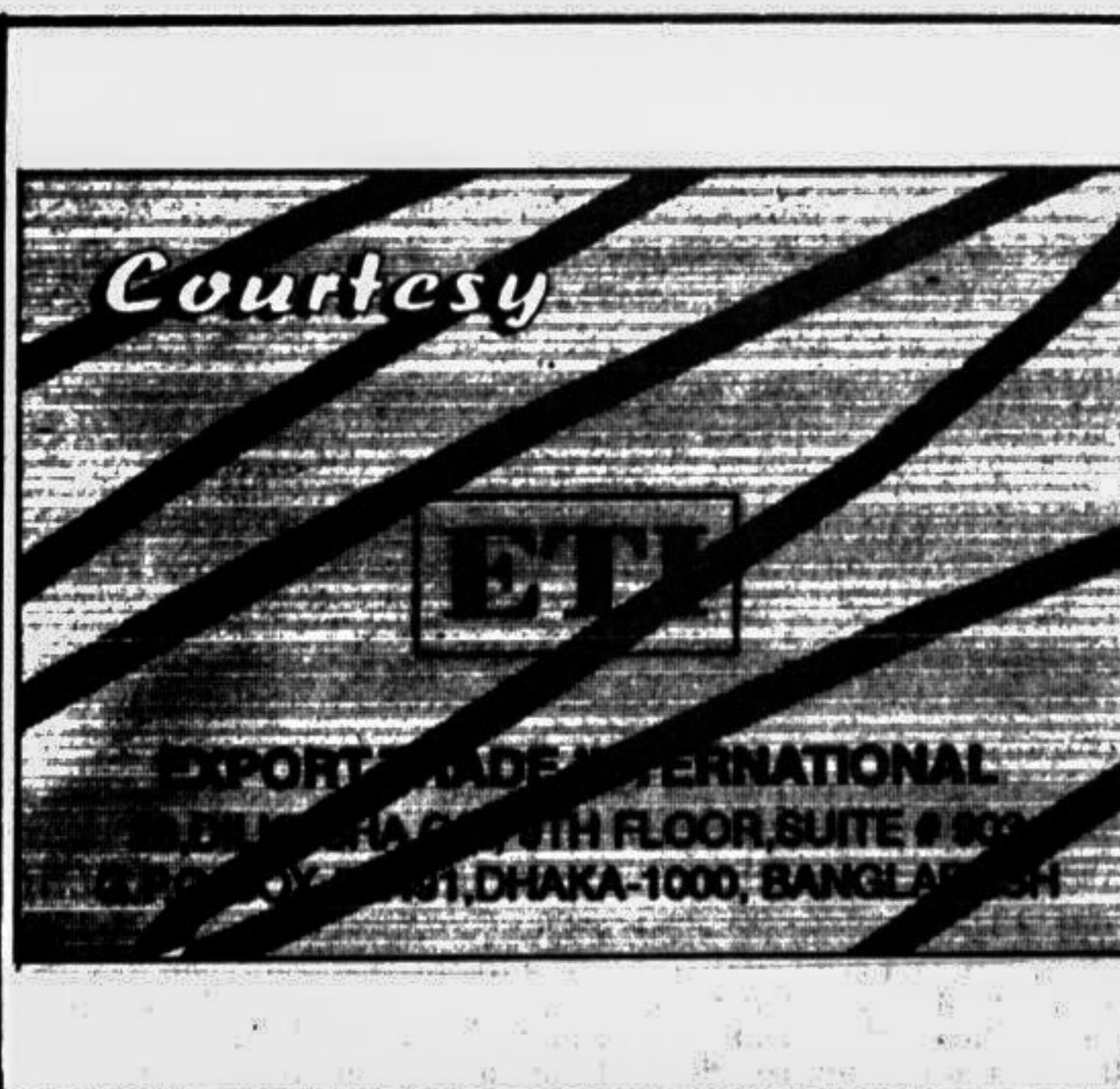


## Message

The Federation of Bangladesh Chambers of Commerce and Industry attaches great importance to the forthcoming Dhaka International Trade Fair (DITF), 1998 in the context of development of trade and industry of the country.

Growth in production and export is vitally important for the economic development of a country. The present Government has undertaken a number of reform measures towards this end. These programs are contributing to increased production and export. The international trade fair can be immensely beneficial by familiarizing the foreign buyers with the country's exportable com-

**Tofail Ahmed**  
Minister  
Ministry of Industries and Commerce  
Government of the People's Republic of Bangladesh



ments within the next three years. The major investing countries are: Japan, Malaysia, United Kingdom, USA, Singapore, Hong Kong, China, Korea, Germany, Canada, Italy, India, Pakistan and the Kingdom of Saudi Arabia.

As an investment promotion organization, the Board of Investment (BOI) is now playing an important role for implementing the investment policies of the Government and providing necessary advisory services and assistance to the private investors, both local and foreign.

The government of Bangladesh has established the policy framework and support mechanism necessary to successfully launch the economy into the 21st century. An integral element of that framework involves the commitment to create a hospitable climate for private sector investment. It is expected that the investors will explore the immense opportunities, and share with the people the benefits of industrial growth in Bangladesh.