

Why is foreign direct investment so low in Bangladesh and how to increase it?



DESPITE steady economic growth in the country over the past decade, foreign direct investment (FDI) has been comparatively low in Bangladesh compared to regional peers. As compared with USD 2.9 billion FDI inflow in Bangladesh in 2019, FDI inflows amounted to USD 141.2 billion in China, USD 50.6 billion in India, USD 23.9 billion in Indonesia and USD 16.1 billion in Vietnam. The rate of FDI inflow in Bangladesh is only around 1 percent of GDP, one of the lowest in Asia. While even during the pandemic (2020), FDI flows to developing countries in Asia increased by 4 percent to USD 535 billion, according to figures from the UN Conference on Trade and Development (UNCTAD), Bangladesh could not achieve the expected FDI. In 2020, foreign investors invested around USD 17 billion in Vietnam, USD 64 billion in India, approximately USD 18.58 billion in Indonesia, whereas Bangladesh received USD 2.56 billion and of the amount, USD 1.6 billion accounted for reinvested earnings by the already existing foreign companies in the country.

Government agencies in Bangladesh often claim that they are sincere and very keen on promoting investment. They have taken various liberal policies and implemented a number of policy reforms and incentives designed to promote a competitive climate for FDI, and also pursued various promotional activities such as investment summits, road shows, etc. for promoting investment. However, government claims do not often reflect ground reality. A foreign investor generally evaluates a country based on its ease of doing business ranking and overall economic climate. Although Bangladesh advanced eight notches in the World Bank's ease of doing business 2020

ranking to 168 out of 190 countries, there are still significant bottlenecks in doing business. For instance, transferring a property title in Bangladesh takes an average of 271 days, almost six times longer than the global average of 47 days. Resolving a commercial dispute through a local first-instance court takes an average of 1,442 days, almost three times more than the 590 days' average among OECD high-income economies. According to the World Bank, to get electricity connection in Bangladesh, a new business needs 150.2 days, whereas in Vietnam it takes 31 days, in Singapore 30 days, in Malaysia 24 days and in neighbouring India 55 days. Existing foreign investors often complain about bureaucratic tangles in Bangladesh that stand in the way of business operations and obtaining various licences. Then there are hidden costs in matters related to procedure, policy, law and infrastructure that seriously weigh upon the cost of doing business.

There are allegations that some investors have gone back to their country after finding long periods of waiting and hassles of overcoming many obstacles a bit too much. Industry experts say, the deterrents that discourage foreign investors include time-consuming bureaucracy, poor socio-

economic and physical infrastructure, unreliable energy supply, corruption, absence of good governance, low labour productivity, undeveloped money and capital markets, high-cost of doing business, complicated tax system, frequent changes in policies on import duties for raw materials, machinery and equipment, delays in decision-making, etc.

According to the World Economic Forum's Global Competitiveness Index (GCI) 2019,

of students and reducing gender disparity. But our education system and curriculum do not serve the goals of human development. There is a lack of communication and collaboration between the government, academia and industry, and as such we are not producing quality or skilled persons for modern industry. To cover the shortage, a good number of foreign professionals and technicians have been imported from neighbouring countries to run the industries

Providing employment opportunities to such a huge population is quite a difficult task for the government as well as for the local private sector. Therefore, the government needs to continue to create more investment opportunities for foreign investors in sectors like power, garments, pharmaceuticals, textiles, agricultural processing, manufacturing, infrastructure including roads, highways, flyovers, water treatment plants, hospitals, power etc., which will create more jobs and foster sustainable economic growth. In recent times, the government has taken various steps to attract FDI in the country but it seems those are not enough to gain investors' confidence as Bangladesh severely lacks in two most used global indicators—Ease of Doing Business (EDB) by the World Bank Group and the Global Competitiveness Index (GCI) by the World Economic Forum.

It should be noted that when investors intend to come to a country, the level of convenience of doing business in the host country plays a crucial role in making investment decisions. They assess the clarity in existing policies, reliability of government officials and adherence to rules and regulations, look at the rate of return on their investment and whether they will be able to repatriate their profit or funds, and most importantly, whether there is sufficient security for their investments. Therefore, if Bangladesh wants to strengthen its position in the global marketplace and as a major destination of FDI, urgent policy focus is required to remove the deterrents discussed above that are responsible for the high cost of investment. If implemented successfully, the country will not only become a lucrative investment destination but it will also help to raise our ease of doing business ranking, an important indicator for FDI decisions of foreign investors.

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The rate of FDI inflow in Bangladesh is only around 1 percent of GDP, one of the lowest in Asia.

Bangladesh's position slipped two notches to 105th among the 141 countries surveyed. As per the report, the country's competitiveness declined in 10 out of 12 pillars, where significant deterioration in ranks was observed in macroeconomic stability, labour market, ICT adoption and infrastructure. Beside poor infrastructure, lack of land, acute shortage of power and gas for new industries, finding the right people and getting them to work productively are the biggest problems of Bangladesh today. We have made remarkable progress in expanding primary education, especially in raising enrolment

such as apparel, textile, buying house, telecommunication, information technology, poultry, etc.

Investment (both foreign and domestic) is a key determinant of economic growth and development. It is also considered an engine for job creation. Although Bangladesh has experienced exceptional economic growth in recent years, it has failed to create adequate jobs for the millions of young Bangladeshis joining the workforce every year. At present, about two-thirds of our total population is of working age. Approximately 2 million people enter the labour market every year.

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From the beginning, US authored events leading to humiliation in Kabul



IMPERIALISM, which finally died in Afghanistan last week, had actually begun to hiccup in the mid-70s. Of this hiccupping, Vietnam was the most serious convulsion.

In the wake of decolonisation such eruptions had become commonplace, in Africa for instance, where the withdrawal of Portugal led to the direct ascent to power by communist parties in Angola and Mozambique. Then Mengistu appeared in Ethiopia; a little later Daniel Ortega in Nicaragua. Such an outcome had to be forestalled in Iran, and in the South Asia region.

Ironically the Saur revolution, or the April coup of 1978 brought Afghan communists, Khalq and Parcham, to power. This epoch making event was a consequence of a botched up adventure instigated by US intelligence. The Shah of Iran's notorious Savak took the operational lead. I was in Kabul for the first press conference by Nour Mohammad Taraki, the communist prime minister. My investigations on the Afghan coup appeared in the pages of the *Indian Express* which had sent me to Kabul.

Jimmy Carter's National Security Adviser, Zbigniew Brzezinski, was embarked on securing a global order in which "regional influencers" would play a key role. The Shah, arch regional power in Brzezinski's book, allowed Savak to clean up the stables in nearby Kabul where Mohammad Daud, a Marxist "numa" (look-alike) was leaning excessively on Moscow.

Diehard communists around Daud had to be eliminated. As happens in many intelligence operations, the plot hatched

by Savak was leaked. Mir Akbar Khyber, a communist trade union leader, was inadvertently killed, alerting the communists across the country of the Savak plan.

In a pre-emptive move, military officers Aslam Watanjar and Abdul Qadir Dagarwal mobilised armoured carriers, drove into the Presidential Palace, killed Daud and his relatives. Communists took power.

Kabul under the Communists paved the way for the Soviets into the country. Once again, Brzezinski was in action. Peering into Afghanistan from the automatic "frontline state", Pakistan, he began to think tactically

towards a strategic end.

The US, Saudi Arabia and Pakistan got into a huddle for their own purposes. The US would provide military training and hardware to drive the Soviets out of Afghanistan. Saudis and the Pak establishment wanted this outcome too, but the two had key agendas of their own. Saudis would spend billions in the project to manufacture a kind of Arabised Islam to undermine the Shia Ayatollahs in Iran who had come to power just the previous year. It suited President Zia ul Haq of Pakistan. He was able to embark on his Nizam e Mustafa, or government based on

Islamic laws. This would Arabise the country's Islam and wrench it away from the "mumbo-jumbo" of secularism and composite culture being promoted in India. Had he lived, the social evolution of India would have pleased him.

Hundreds of Madrasas or seminaries came up on the Pakistan side of the border, hatcheries to breed the Mujahideen who eventually helped drive the Soviets out in 1989. True, a year later the Soviet Union fell but the departing Americans left behind unemployed Islamic militants who fanned out for work in Kashmir, Egypt, Algeria. The spiritual heirs in the diaspora of this brand of militancy were utilised most recently in the Syrian carnage.

All of this, in every detail, was lucidly exposed at a congressional hearing by Hillary Clinton. Her statement is still available on YouTube. Some years ago, Russian Deputy Foreign Minister Morgulov Igor Vladimirovich told a high powered Raisina Dialogue that Islamic militants from Syria were being airlifted to Northern Afghanistan. The following week, Iran's supreme leader Ayatollah Khamenei repeated the allegation at a sermon following Friday prayers in Tehran. Is it true? Or has the narrative changed in the last few years?

In 1996, the Taliban, a progeny of the Mujahideen, fired by the kind of Islam instilled into them in the Madrasas, were once again boosted by the Americans. Others, including the section of South Block which had joined the US camp after the collapse of the Soviet Union in 1991, acquiesced in the Taliban's surge. The lemon sold to everybody was: Taliban will control Afghanistan and the US will control the Taliban. This coordination will facilitate UNOCAL's TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline. After UNOCAL was sold to Chevron in 2005, the US found other reasons

to stay on: Pakistan next door was too nuclear to be ignored; Uygurs in Xinxiang and Muslim populations in the Caucasus looked like low-hanging fruit, accessible from Afghan real estate. Priceless poppy in Helmand?

Founder of Al Qaeda, Osama bin Laden had made Afghanistan his headquarters since 1980 with a singular mission: to help the Taliban see the backs of the Soviets. Their occupation of a Muslim country was an insult to Islam. Once the Soviets had been driven out bin Laden set his sights on foreign soldiers and oil companies in his homeland. Bin Laden raised his banner of revolt against Riyadh, soon after Juhayman al-Otaybi and his al-Ikhwan group (an extremist cousin of Muslim Brotherhood) shook the Kingdom by occupying the mosque of Mecca for 20 days. The Saudi Royal family's strong links with the Bush family was the backdrop for the clash of civilisations as soon as George W Bush entered the White House in January 2001. Eight months later 9/11 happened. Egged on by the neo-cons, the US occupied Afghanistan.

It is being made out that this is the first time that soldiers trained by the Americans waged no battle against the Taliban. What happened in Vietnam? Google C-Span and see General Lloyd Austin, now Defence Secretary, being grilled by the Senate Armed Services Select Committee on a USD 500 million project to train Syrian militants.

"How many of our trainees are fighting?" Huge pause. Austin: "four or five."

Media neo-cons will not give up. In a satirical piece Thomas Friedman of the *New York Times* expects the Taliban "the morning after the morning after" to turn up at the White House, turbans in hand. Please sir, take over our country once again.

Saeed Naqvi is a senior Indian journalist, television commentator and interviewer.



Zbigniew Brzezinski, sighting down the barrel of an AK-47 machine gun looking toward Afghanistan, in the Khyber Pass.

PHOTO: TWITTER

QUOTABLE Quote

KOFI ANNAN
(1938 – 2018)
Former Secretary-General of the United Nations

Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance.

CROSSWORD BY THOMAS JOSEPH

ACROSS

- 1 Cooking mint
- 5 Nightclub of song
- 9 Packing box
- 11 Movie barbarian
- 12 Take it easy
- 13 Vigilant
- 14 First numero
- 15 Pittsburgh team
- 17 Miami team
- 19 Sardonic
- 20 Mail-order pioneer
- 21 – Angeles
- 22 Low card
- 24 Bashful
- 26 Is ahead

DOWN

- 1 Rugby scuffle
- 2 Stadiums
- 3 In abundance
- 4 Greek vowel
- 5 Soda choice
- 6 Boxing combo
- 7 Kitchen utensils
- 8 Fidgeting
- 10 Run out
- 11 Train units
- 16 Provincial
- 18 Titled woman
- 21 Job for a plumber
- 23 Curse bleeper
- 24 Generous one
- 25 Closet item
- 27 Campaign event
- 28 Harry Potter's position in Quidditch
- 29 Stood up
- 30 Longings
- 31 Kick off
- 33 Whale schools
- 37 Easy victim

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YESTERDAY'S ANSWERS

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BEETLE BAILEY BY MORT WALKER

I THOUGHT WE WERE GOING ON A DOUBLE DATE HE COULDN'T MAKE IT IT'S JUST ME AND YOU TWO DID YOU EVEN TRY TO GET HER A DATE?

BABY BLUES BY KIRKMAN & SCOTT

SOME OF THESE MOTORHOMES ARE BIG AND LUXURIOUS BUT SUPER-EXPENSIVE. BUT SOME OF THESE SMALLER, SIMPLER ONES ARE JUST AS GOOD, RIGHT? ...RIGHT? I DIDN'T THINK WED HEAR CRICKETS UNTIL WE SET UP CAMP.

THAT ONE HAS A SIXTY-INCH FLATSCREEN