



Investment climate and Opportunities in Bangladesh

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Prime Minister's Office



Presentation Outline:

- **Growth Story of Bangladesh**
- **Investment Climate**
- **Relevant policies**
- **Investment Promotion Agencies (IPA)**
- **Investment Performance of Bangladesh**
- **Engagement with investors**
- **Reform Initiatives**



Growth Story of Bangladesh

How does the World look at Bangladesh?

“Bangladesh the Next China”

McKinsey & Company

“Bangladesh one of the Frontier 5 economies”

JP Morgan

**“The Next Eleven”
Bangladesh among the 11 nations, have high economic potential”**

Goldman Sachs



“Bangladesh will be the 12th economic power of the world in 2050” *UBS*

“Low cost and high return manufacturing destination in Asia”

JETRO

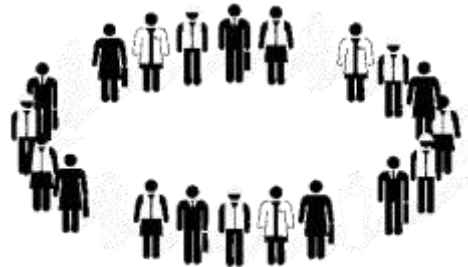
“28th & 23rd largest economy of World by 2030 & by 2041” *PwC*

Economy of Bangladesh: Overview

World's 44 th Largest Economy <i>by World Bank</i>	23 rd Largest Economy by 2041	GDP USD831 Billion(PPP)	GDP Growth 6% - 7% <i>Last 10 Years</i>	GDP Per Capita USD 1,888	Share of Investment to GDP 30.3%	2 nd in RMG Export after China
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Poverty rate
dropped to 12.9%
from 44.2%



Each year
Bangladesh
creates around
1.2 million jobs



Export reaches
to 37 billion in FY
18 from 16 billion
in FY10



FDI jumps to
3.61 billion in
CY18 from 1.2
billion in FY10

Source: Bangladesh Economic Review 2016, Ministry of Finance, World Bank, Digital Year Book 2016, World Development Indicators, World Bank and 7th five year plan, GoB

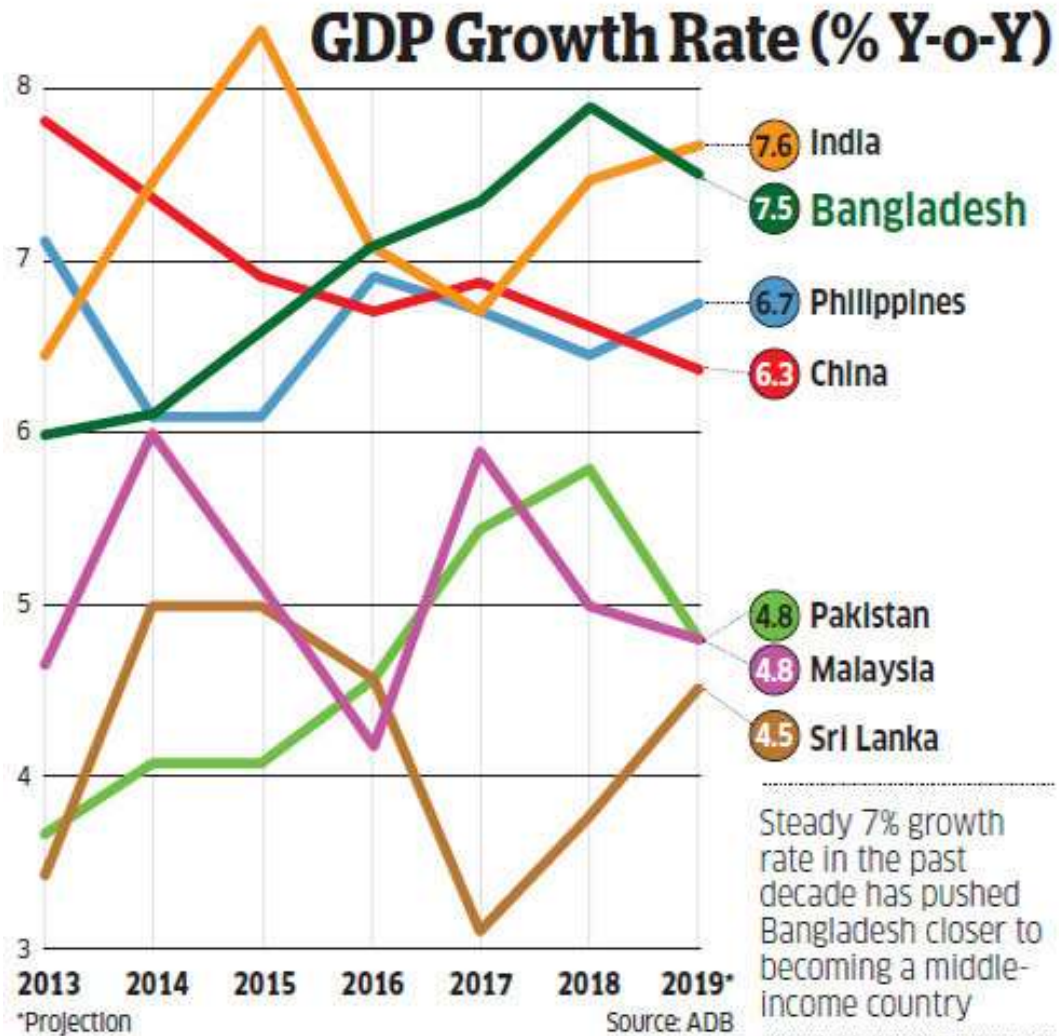
A Country in Rapid Transformation

Parameters	What we were
Literacy Rate	29.23% (1981)
Per Capita (USD)	129.71 (1971)
GDP Growth	4.62% (1976)
Export (USD)	0.4 Billion (1976)
FDI (USD)	7 Million (1977)
Forex Reserve (USD)	7.5 Billion (2009)
Electricity Gen. Capacity (MW)	3,362 (2009)



We are now
73% (2017 Est.)
1,827 (June, 2019)
8.13% (2019)
37 Billion (2017/18)
3,613 Million (2018)
31.94 Billion (Apr, 2019)
20,000 (2019 Feb)

Trends of economic growth



- One of the **fastest growing economy** in South Asia with 7.86% GDP growth
- Bangladesh is among the **10 fastest growing economies** in the world and has made commendable progress on human development
- The apparel industry, employer of **40 million workers**, mostly rural women, contributed 83.49% to Bangladesh's total export
- Bangladesh is now the **3rd largest producer of vegetables**, the **4th largest producer of rice**, and the **3rd largest producer of inland fisheries** in the world
- ICT sector is thriving on **136 million mobile phone users**, 73 million of them using mobile data
- Bangladesh has a vision to become a **middle income country by 2021** and a **developed country by 2041**
- Bangladesh classified as a "**Next 11**" emerging market identified by Goldman Sachs

Bangladesh :a Journey to Development and prosperity

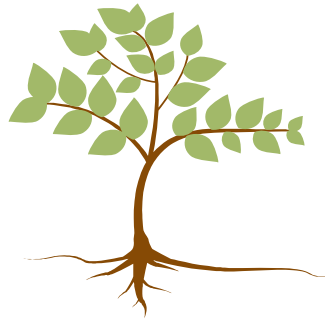


**Middle Income Country
by
2021**

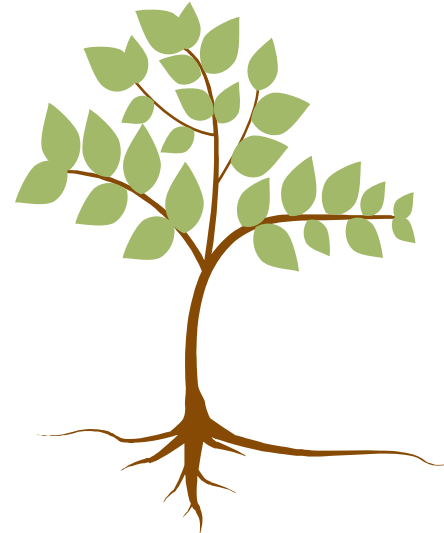
50th year of independence



**Development
Junction year
SDG
2030**



**Developed
Country
2041**



**Rise to Apex
in Developing
Bangladesh
2071**

100th year of independence



**Peaceful Delta
2100
Delta Plan**

Visions to Grow

	VISION 2021	VISION 2041
GDP (USD)	335 Billion	2,580 Billion
GDP Growth	8%	8%
GDP Per Capita (USD)	2,000	12,600
Investment to GDP	34.4%	36.0%
Share of Industry to GDP	34.0%	40.0%
FDI (USD)	9.56 Billion	153 Billion
Export earnings (USD)	70.0 Billion	350 Billion
Infra. Investment (USD)	100 Billion	1,150 Billion



Investment Climate of Bangladesh

Big name in Business World already in Bangladesh





Investment Climate of Bangladesh

Secured by law against nationalization and expropriation	Local and Foreign investments are given equal treatment	100% foreign equity is allowed along with unrestricted exit	Almost all industrial sectors are open for foreign investors
Bilateral Investment treaties (BITs) signed with 32 countries	Double taxation treaties with 28 countries including Sri Lanka	Bangladesh is a signatory to ICSID, UNCITRAL, OPIC, MIGA, WAIPA, WIPO and WTO	All laws, regulations are conducive to investment

Competitive Edge of Bangladesh in Investment Segments

Export Oriented	▶	Abundance of competitive work-force, Lowest Wage in Asia, Duty Free Market Access, Bond Facilities, EZs/EPZs
Consumer Market/ Finance	▶	Population of more than 160 Million, along with 3 billion regional market with Young and Brand Conscious Consumers
Infrastructure/ Energy	▶	Number of Mega Projects, Volume of ODA, external finance
Start-Ups / IT	▶	High Mobile Density, Internet Density, Tech Savvy Young Generation, Digital Bangladesh Policy

Opportunities Unbounded (1/3)

Infrastructure	Manufacturing
Communication, Energy, Power, Ports, Economic Zones	Competitive manufacturing supporting global value chains
Competitive Services	Skills
IT & ITES, BPOs Logistics, Health	Education, Training, HR development

All Modes of Investments

- 100% FDI
- Joint Ventures
- Partnerships
- PPPs
- Non-equity modes (Technology transfer, licensing Franchising, Contracting etc.)
- Foreign Lending

Opportunities Unbounded (2/3)

Sectors Open for FDI



Energy & Infrastructure

- Power
- Ports and Logistics
- Economic Zones

- Oil and gas
- Tourism
- Transport Infrastructure



ICT & Electronics

- ICT and ITES
- Computer software & ICT

- Electronics
- Light engineering incl. automobiles

Textile & Clothing

- Home Textiles
- Textiles industry

- Readymade garments industry
- High value added RMG



Agribusiness & Food processing

- Agro-based/processing
- Jute & Jute goods
- Flower cultivation
- Commercial plantation

- Silkworm & Silk Industry
- Furniture & Handicrafts
- Integrated shrimp cultivation
- Frozen Food & Horticulture



Pharma & Chemicals

- Pharmaceuticals
- Herbal medicines
- Plastics & Ceramics

- Leather & leather goods
- Textile Dye & chemicals
- Basic chemicals

Healthcare & Others

- Health care
- Footwear

- Jewelry and diamond cutting polishing
- Cosmetics and toiletries

Reserved Sectors: Arms & ammunitions, Nuclear Power, security printing and minting, afforestation and mechanize extraction within the boundary of reserved forest

Industries Separately Regulated

- Fishing in the deep sea
- Bank/financial institution & Insurance (Private Sector)
- Generation, supply and distribution of power in the private sector
- Exploration extraction and supply of Natural gas/oil, coal and other mineral resources
- Large-scale infrastructural project (e.g. flyover, elevated expressway, monorail, economic zone, inland container depot/container freight station)
- Crude oil refinery (recycling/refining of lube oil used as fuel)
- Medium and large industry using natural gas/condensate and other minerals as raw material
- Telecommunication Service (mobile/cellular and land phone)
- Satellite channel
- Cargo/passenger vessels
- Sea bound ship transport
- Sea-port/deep sea-port
- VOIP/IP telephone
- Industries using heavy minerals accumulated from sea beach



Roadmap to Investment in Bangladesh

Setting up of Industry

- Opening a Bank Account
- Company Formation and incorporation
- Trade License from Local Govt. Bodies
- Obtain TIN, VAT Certificate from NBR
- Land purchase or lease
- Application for BIDA Registration
- Import of Machinery Open Letter of Credit (LC) or as Equity Investment
- Industrial ad-hoc IRC from CCI&E being recommended by BIDA for raw material and spare parts
- DOE Clearance
- License from Department of explosives

Setting up of Commercial Offices

- Submit application for approval to <http://eservice.bida.gov.bd>
- Obtain TIN, VAT Certificate from NBR
- Opening a Bank Account

Documentation Required

- *Company's decision for opening of office in Bangladesh*
- *Proposed organogram of the office*
- *Detail activities of the principal company & activities to be performed in Bangladesh*
- *Name and nationality of the Directors/owners of the principal company*
- *Memorandum and Articles of Association of the principal company*
- *Certificate of Incorporation*
- *Audited Accounts of the last financial year of the principal company*

Attractive Incentive Schemes to Investors

Taxes	Tax Holidays <i>5 – 10 Years for some sectors and up to 10 Years for Infrastructure and Economic Zones</i>	Tariff Concessions <i>for Capital Machines and import of Raw Materials</i>	Avoidance of Double Tax <i>under DTIs</i>

Financial	Cash Incentives	Export Development Fund	Equity Entrepreneurship Fund	Accelerated Depreciation <i>In lieu of tax holidays</i>

Fast Track Approvals

Citizenship

Permanent Residency

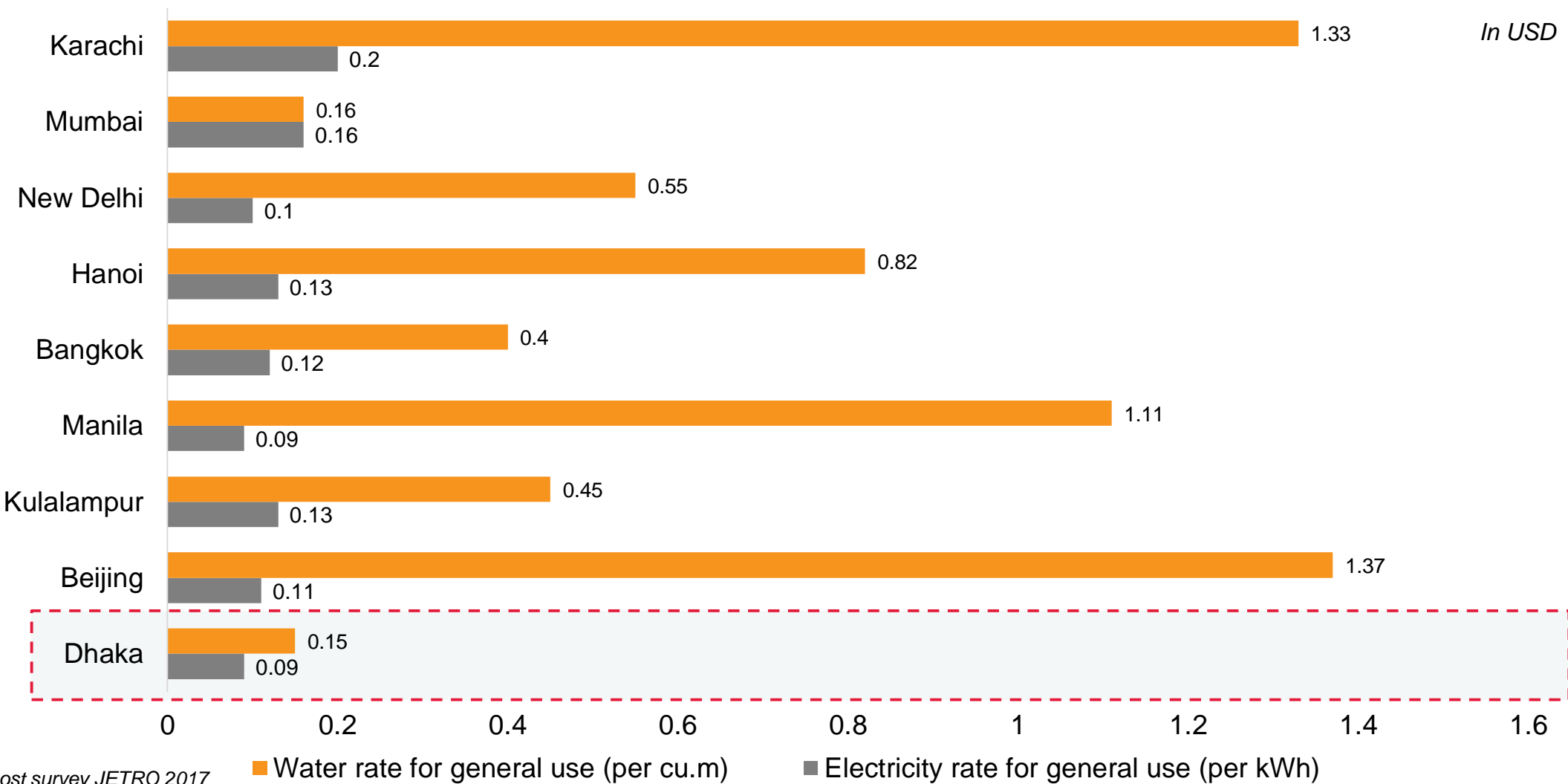
Quick Immigration

Skilled Work Permits

Bonded Warehousing

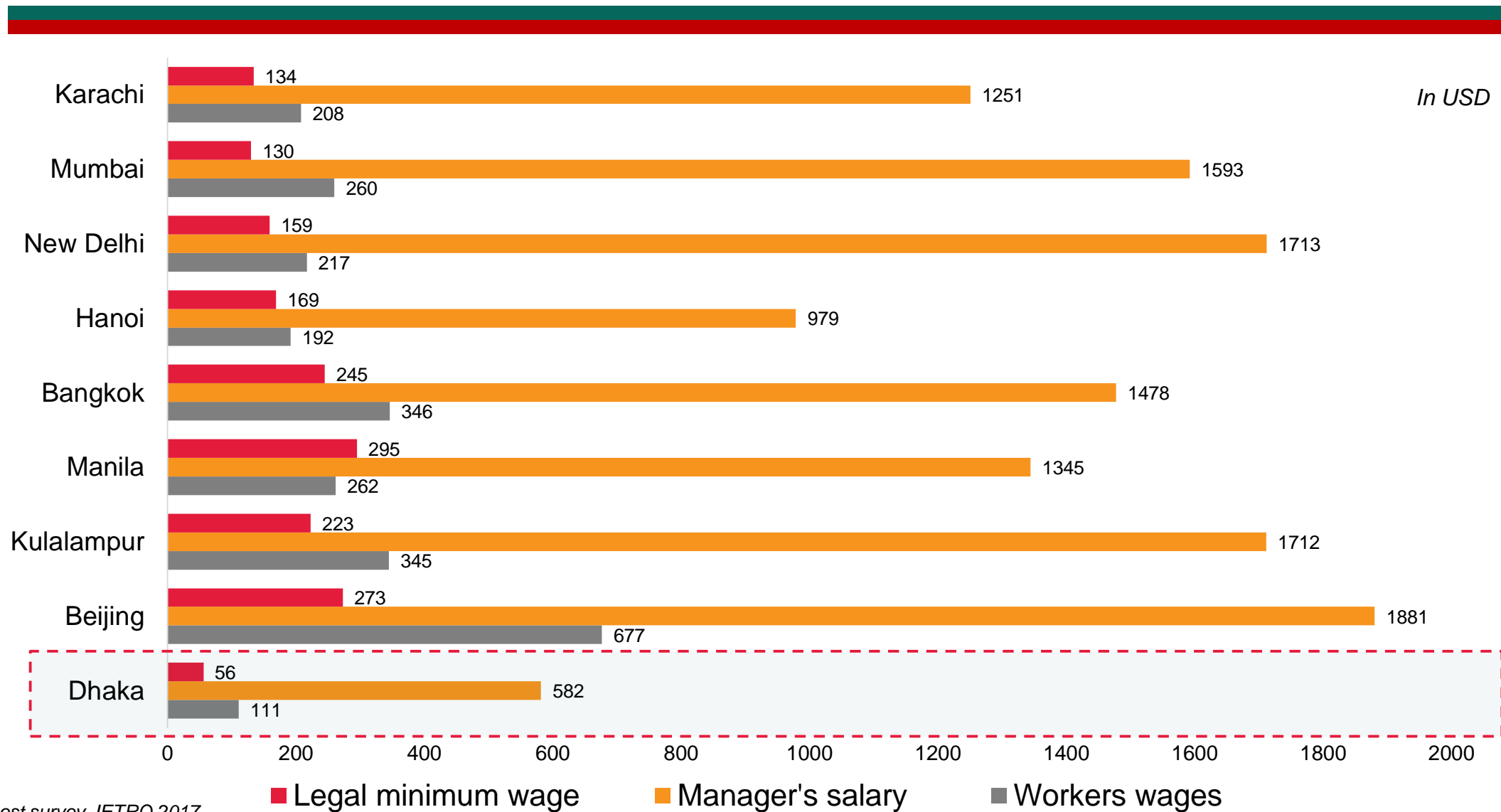
NRB Preferences

Competitive Factor Cost among the Peer Cities: Utilities



Source: 27th Investment cost survey JETRO 2017

Competitive Factor Cost among the Peer Cities: Wages



Source: 27th Investment cost survey JETRO 2017



Investment Promotion and Facilitating Agencies

Investment Promotion and Facilitating Agencies

Prime Minister's Office

BIDA



**BANGLADESH
ECONOMIC ZONES
AUTHORITY**



Key Services

- Investment promotion
- Investment facilitation
- Policy Advocacy
- Match-making
- Sector briefings
- Project Structuring

Key Services

- Counseling/ Advisory
- Regulatory Approvals
- Foreign borrowing
- Investors aftercare

Bangladesh Investment Development Authority (“BIDA”)

BIDA created under Bangladesh Investment Development Authority Act 2016 as the apex IPA of the country

Vision

To be a **leading agency** contributing towards Bangladesh’s achievement of **high income status**

Mission

To **promote and support pro-growth private sector investment** and foster a world-class investment ecosystem

Functions of BIDA

- Promoting Investment in home and at abroad for the country
- Investment Facilitation (approval, recommendations and aftercare)
- Policy advocacy
- Improving investment climate ‘Ease of Doing Business’
- Facilitate creating entrepreneurs and skill for industry needs
- Facilitate private investment to make Bangladesh MIC by 2021 and developed country by 2041

BIDA: Services to Investors

Promotional activities

Guidance on doing business in Bangladesh
Responding to investment-related queries
Investment guidance and advice in specific sectors
Supporting potential foreign investors to match with local investors
Organize visits, meetings with various govt. and private offices
Support in forming statutes policies and regulations

Facilitation services

Registration of new industries
Facilitation for getting work permission
Support for importing machineries and raw materials
Support for obtaining external financing
Facilitation of setting up commercial offices
Addressees Issues relating to individual companies on their smooth operation



Relevant policies

Policy Framework for investment

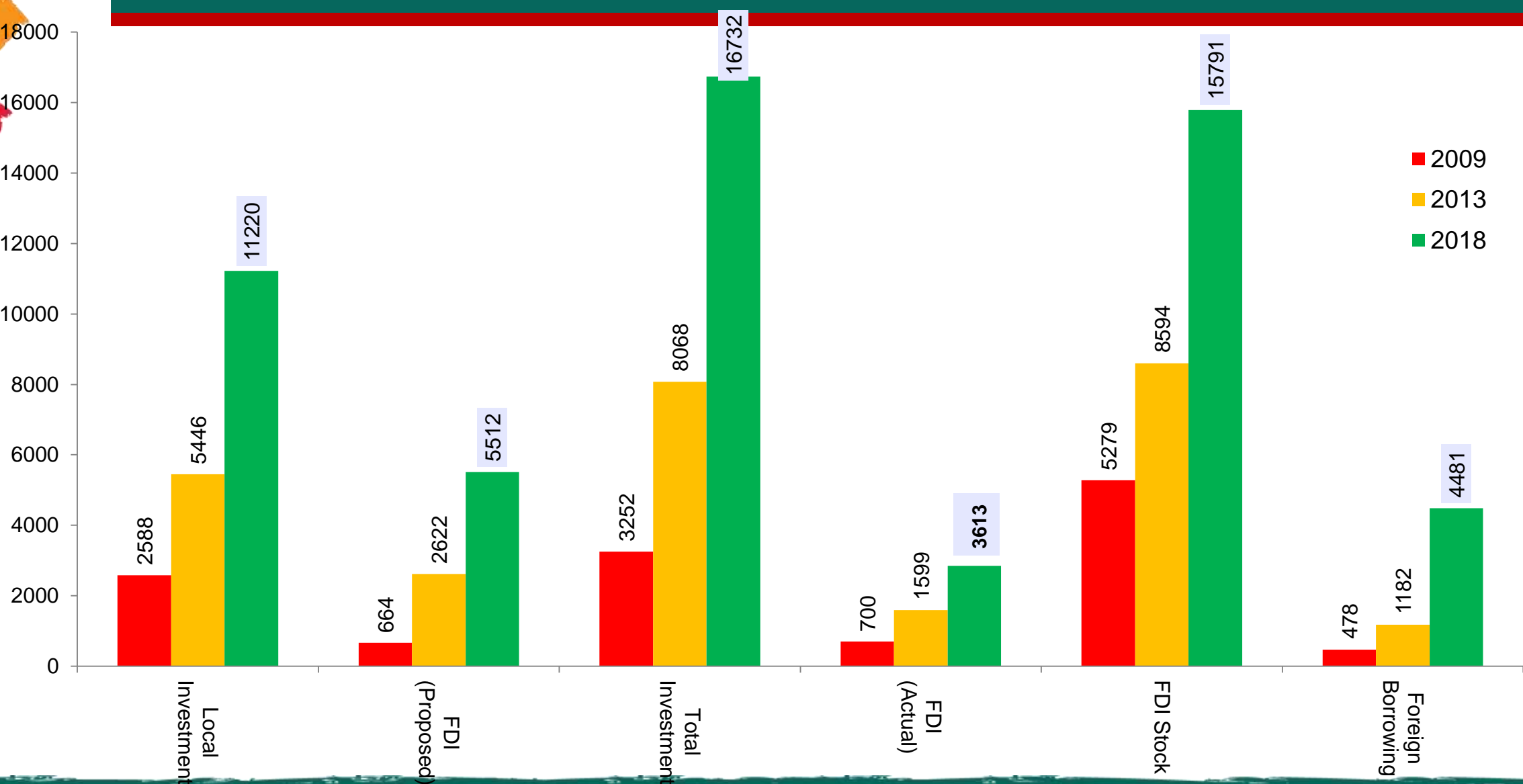
The broader policy & regulatory framework for catering investment includes:

Business Stage	Policy & Regulation
1. General	- Bangladesh Industrial Policy (as undertaken from time to time)
1. Business start-up	- The Companies Act, 1994 - Securities and Exchange Commission Act, 1993 and others
1. Protection	- The Foreign Private Investment (Promotion & Protection) Act, 1980
1. Export Zones	- Bangladesh Export Processing Zones Authority Act, 1980 - Bangladesh Private Export Processing Zones Authority Act, 1996 - Bangladesh Economic Zones Authority Act, 2010
1. Facilitation	- The Bangladesh Investment Development authority Act 2016
1. Corporate / Personal Taxation and incentives	- Income Tax Ordinance 1984 and related rules and SROs - National Budget - The Finance Act/Bill
1. International Trade (Export & Import)	- Bangladesh Export Policy (as undertaken from time to time) - Bangladesh Import Order (as undertaken from time to time)
1. Sectoral	- Bangladesh Energy Regulatory Commission Act, 2003 (BERC) - Bangladesh Telecommunication Regulatory Commission Act, 2001 (BTRC) - The National Drug Policy, 2005 and others
1. Foreign Exchange	- Bangladesh Foreign Exchange Regulation Act and Guidelines (issued from time to time)



Investment Performance of Bangladesh

Investment Promotion, Facilitation Outcome 2009-2018 (Million USD)



GLOBAL FDI FLOWS : trends

Figure I.1. FDI inflows, global and by economic group, 2007–2018 (billions of dollars and per cent)

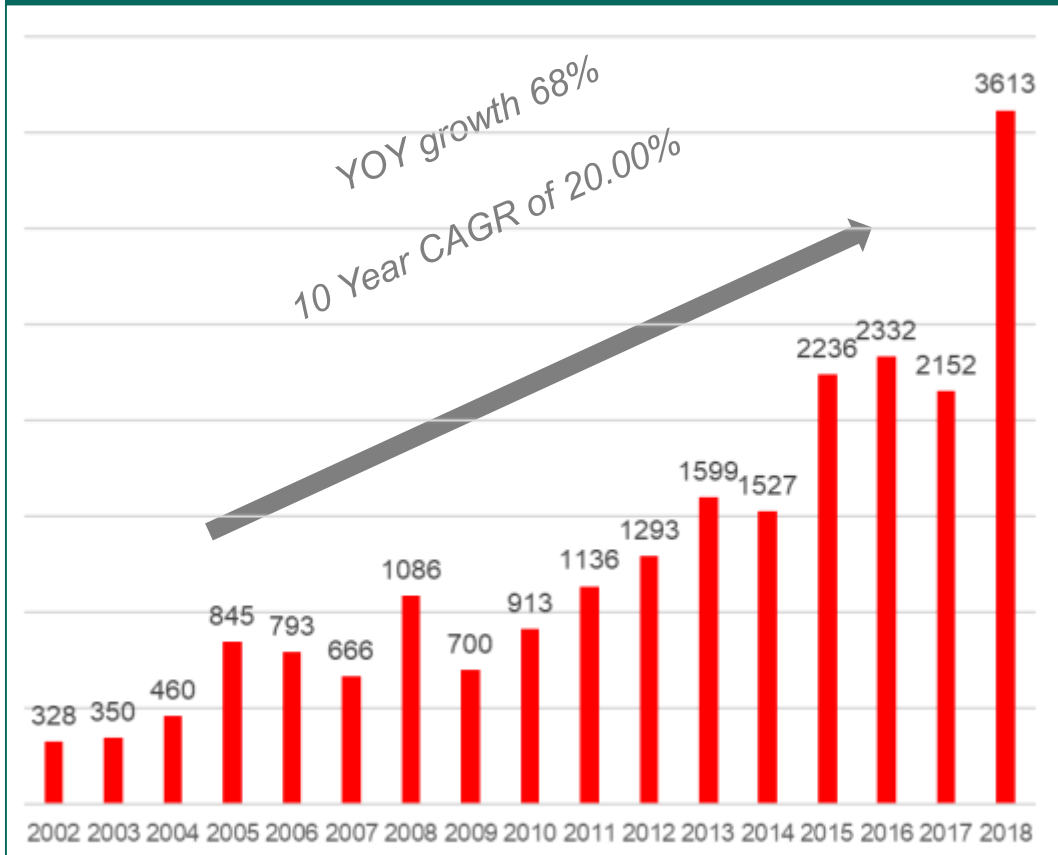


Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics)

Bangladesh FDI Statistics

In USD Millions

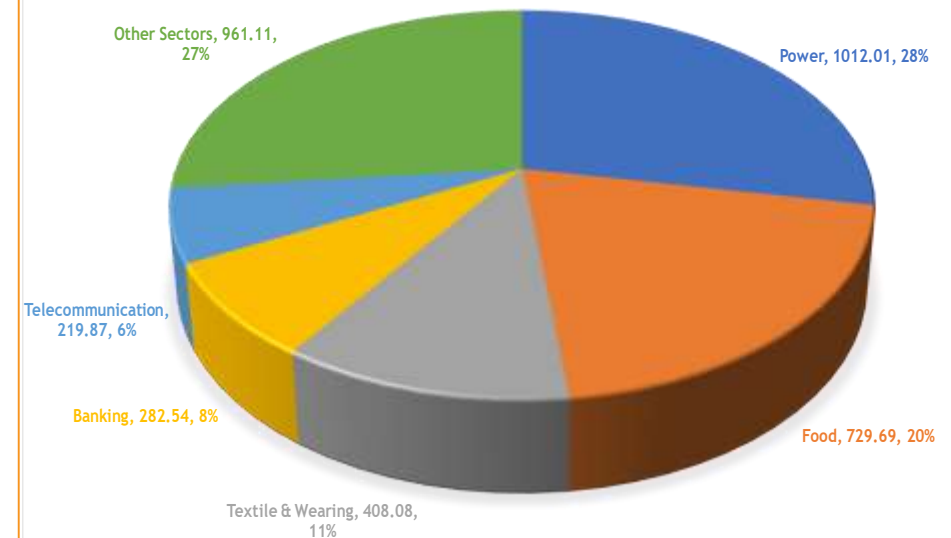
FDI Inflow



In USD Millions

Distribution by Sectors

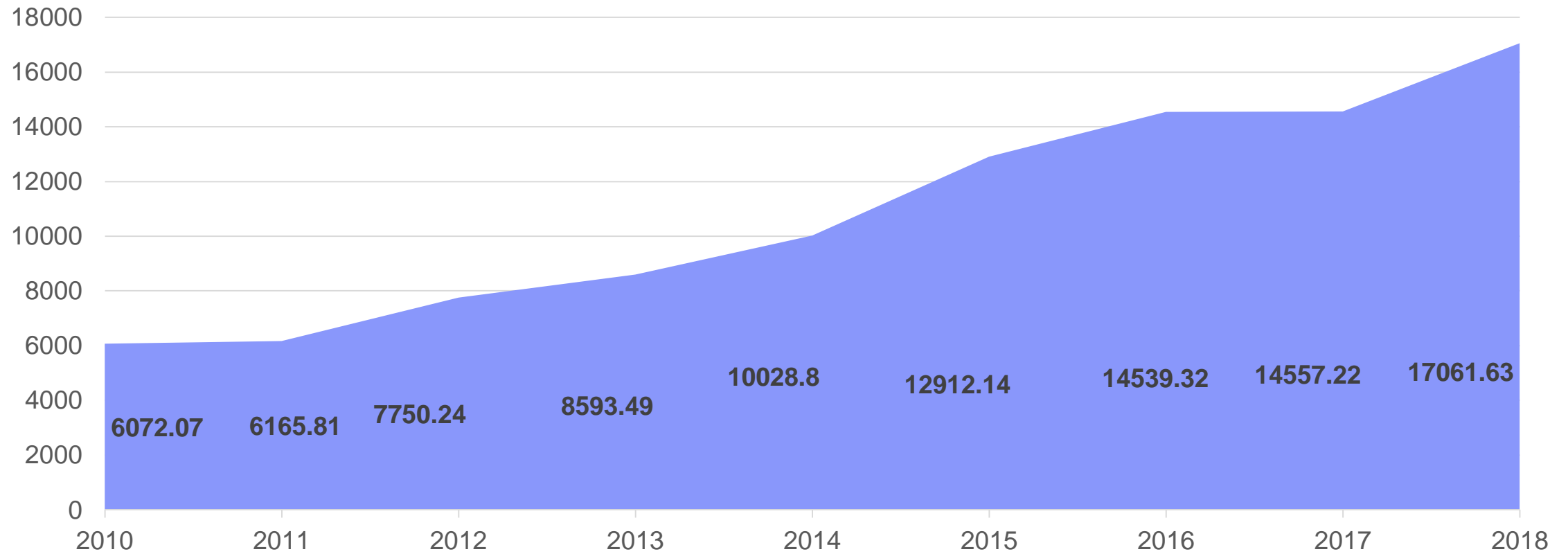
FDI INFLOWS (NET) BY MAJOR SECTORS DURING CALENDER YEAR 2018
(IN MILLION US\$)



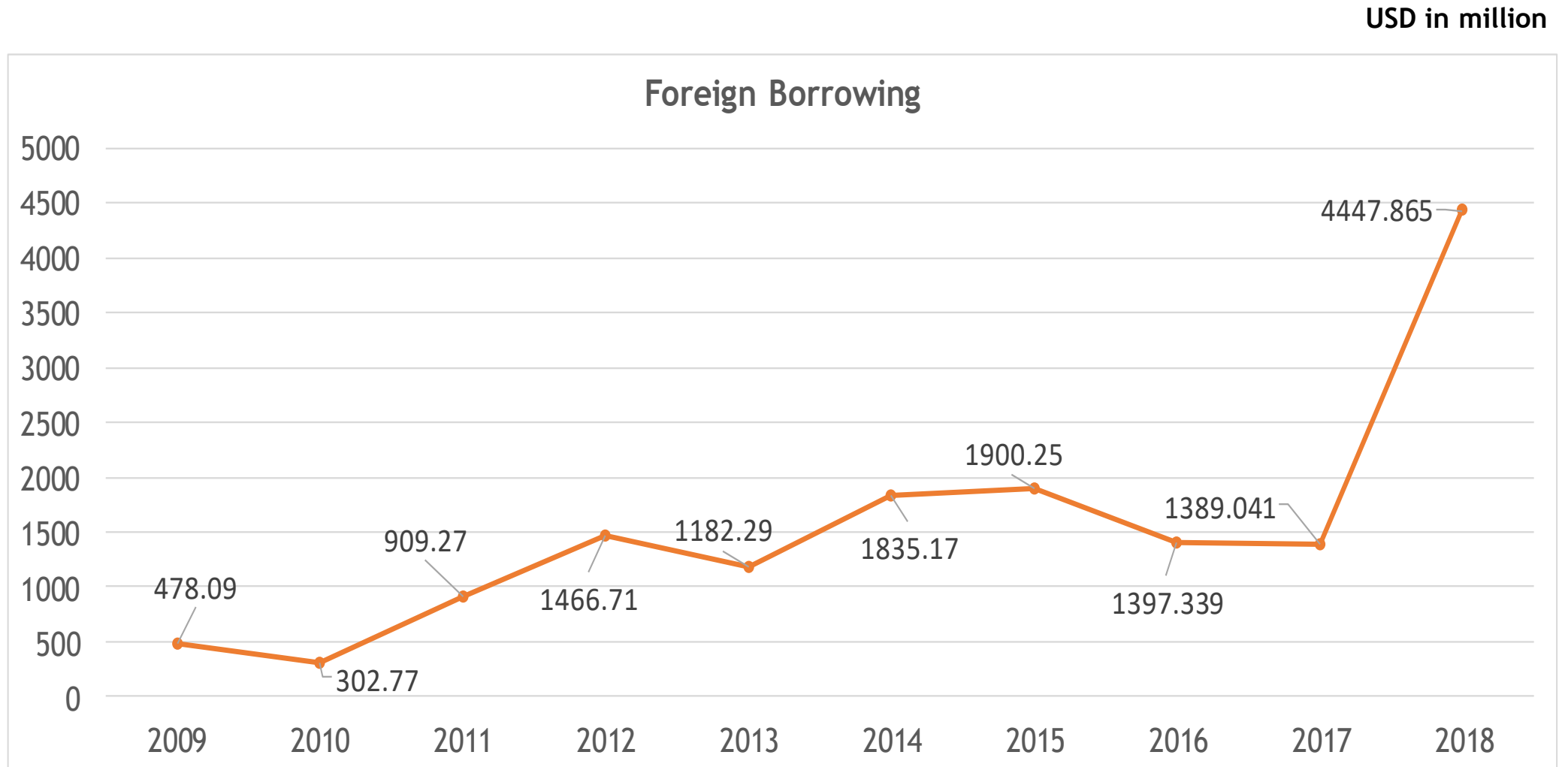
Source: Enterprise Survey, Bangladesh Bank

FDI Stock...

FDI Stooock from 2010 to 2018



Foreign borrowings: complementing the FDI inflow:





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- **Reform Initiatives**



Engagement with investors



Possible engagement with the investors...

1. Meet potential foreign investors, investment organizations/associations and trade bodies/organizations disseminate investment related information and promotional materials;
2. Identify potential foreign investors to initiate dialogue for investment in Bangladesh.
3. Collect information of prospective investors and provide them with analysis on business opportunities of Bangladesh;
4. Meet the heads of the targeted companies to apprise them with sector specific investment opportunities;
5. meetings with regulatory agencies and trade and investment promotion agencies in regular interval to collect inward and outward investment related information and disseminate them;
6. Engage actively in connecting domestic with foreign investors physically and/or virtually;
7. Act as a member of marketing team of investment promotion agencies (IPA) of Bangladesh to circulate widely the unique selling proposition of the investment potential of Bangladesh based on country reality, growth trajectory, and pro-investment edge;



Possible engagement with the investors...

8. Attend investment related discussions, seminars, conferences, symposiums, road shows, fairs, workshops and similar other activities to exchange and share investment related information and promotional materials;
9. Follow up regularly the leads generated in any type of networking activities of investment and facilitate to launch investment project;
10. Provide after care support to investors for continuing and expanding investment ventures in Bangladesh;
11. Prepare data base on sector specific investors, foreign markets of goods and services to identify the comparative advantage of Bangladesh in expanding investment. Provide the information to concerned ministries/divisions/IPAs and all investors.
12. Disseminate widely the evidence of successful foreign investments made in Bangladesh;
13. Create a dedicated page on investment info in the website of concerned mission with information on potential sectors/ areas of investment, incentives and opportunities and so on. This site can be linked with the website of all IPA's.



Reform Initiatives

Initiatives to facilitate investors services:

Investors require various services as:

- clearances,
- certificates,
- licenses and approvals,
- sanctions and permits,
- recommendations,

Now in most
done centrally
and manually

The changing approach : OSS

- a virtual and cloud based services
- **150 services of 34 agencies are identified for Online**
- **19 services of 5 Agencies are Online** from one point.
- All payment will be paid **Online**
- **Major overhauling is underway reducing redundant and repetitive stages**
- **No fee for company registration up to paid up to capital of BDT 10 lac**
- **All process of RAJUK will be completed in 4 steps from 16 steps**
- Investors globally can get their services **Online**



Thank You!

Bangladesh Investment Development Authority (BIDA)

Peoples Republic of Bangladesh

Prime Ministers' Office

Government of the People's Republic of Bangladesh

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