

Bangladesh Business Breakfast

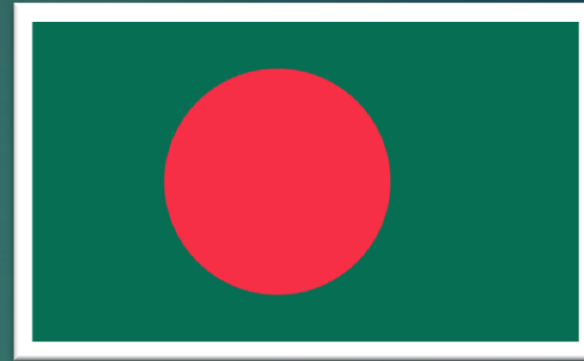
hosted by
the Embassy of the People's Republic of Bangladesh
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H.E. Ambassador Md. Abu Zafar
Christopher J. Hochmuth

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GRAZ, AUSTRIA

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1. Bangladesh Country Profile

Geographic Overview

- ▶ Gained Independence from Pakistan in 1971
- ▶ Capital City: Dhaka
- ▶ Total Population: est. 160 mill.
- ▶ Area: 147,570 sq. km.
(1.75x larger than Austria)



International Access

- ▶ **No Direct Flights from or to Austria**
- ▶ Emirates via Dubai
- ▶ Qatar Airlines via Doha
- ▶ Multiple Flights daily to various destination



Political System & Religious Harmony

- ▶ The Constitution of Bangladesh is the **Supreme Law**
 - ▶ Unicameral Parliamentary Democracy
- ▶ 4 Basic Principles of State Policy according to the 1972 Constitution:
 - ▶ **Secularism**, Nationalism, Democracy, and Socialism
- ▶ **Religious Harmony**
 - ▶ The state religion is Islam, but all other religions can be practiced in peace and harmony. (86.6% Muslim, 12.1% Hindu, 0.6% Buddhist, 0.4% Christian, 0.3% Other)
 - ▶ The people of all religious denominations have lived side-by-side for millennia in peace and harmony
- ▶ **Political Leaders and Politicians of Bangladesh**

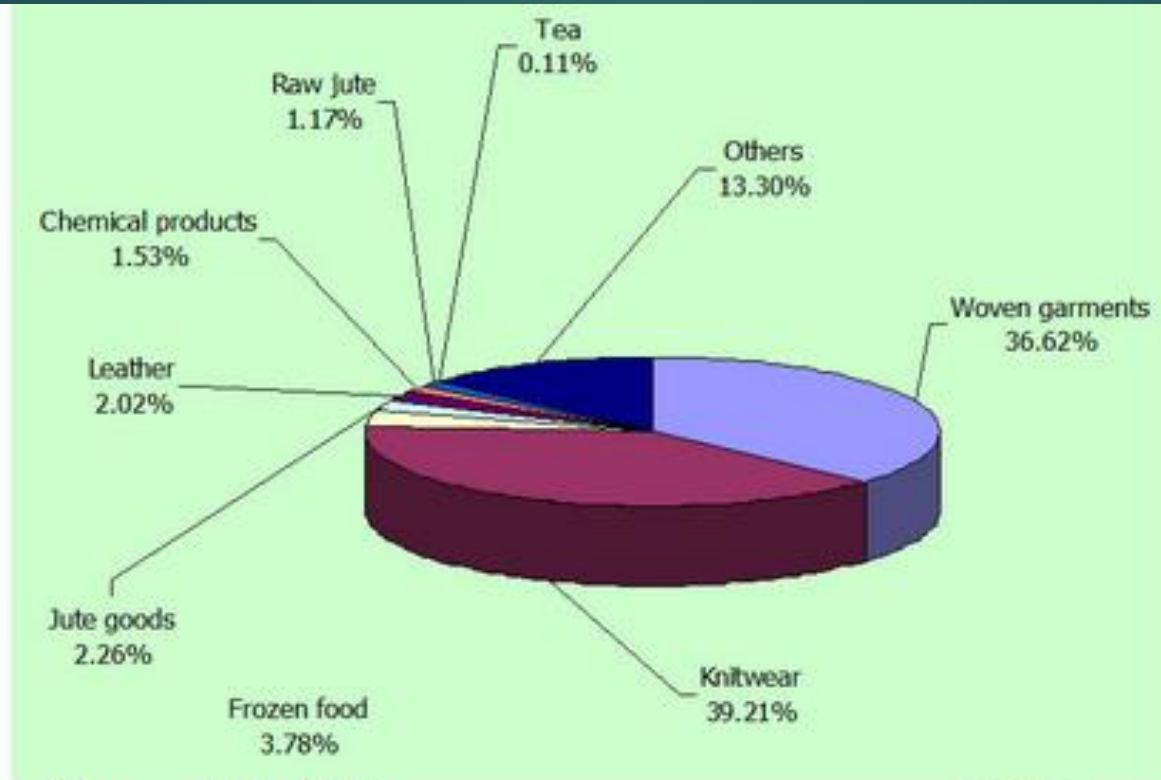
Prime Minister Sheikh Hasina / President Abdul Hamid / Leader of the Opposition
Rowshan Ershad



2. Economic Facts & Figures

- ▶ GDP (PPP): Total \$572,440 billion / Per Capita \$3,581
- ▶ GDP (Nominal): Total \$205,327 billion / Per Capita \$1,284
- ▶ GDP Growth Rate- 6.5% (2015 est., IMF Outlook)
- ▶ GDP Per Capita Income- \$3,385 (2014 est., IMF)
- ▶ Inflation Rate- 6.4% (2015, Asian Development Bank)
- ▶ Investment Contribution to GDP- 28.69% (2013-2014, (BBS, BB))
- ▶ FDI- \$1181.44 Million (Jan-Sep 2015, BOI)
- ▶ Export- \$30.18 Billion (2013-2014, BOI)
- ▶ Import- \$43.99 Billion (2013-2014, BOI)
- ▶ Remittance- \$14.22 Billion (2013-14)

TOP Export Regions of Bangladesh



01.	European Union (E-U)	52.69%
02.	American Region	31.61%
03.	Asian Region	7.34%
04.	Middle East Region	1.52%
05.	African Region	0.97%
06.	Ocenia Region	0.62%
07.	East European Region	2.51%
08.	Other	2.74%

3. BGD – AUT Trade Volume

► Trade Facts

Austrian Export to Bangladesh: EUR 51,66 Mio.

Noted Exportproducts:

- Electricity Generation machinery & other electricity machines – EUR 17,52 Mio.
- Offsetprintingmachines, piston engines & other machinery – EUR 6,95 Mio.
- Synthetic or artificial staple fibers – EUR 8,04 Mio.
- optics, photography, measuring and testing instruments – EUR 4,28 Mio.
- Pharmaceutical Products – EUR 2,02 Mio.

Austrian Import from Bangladesh: EUR 469,25 Mio.

Noted Importproducts:

- Apparel and accessories, knitted or crocheted – EUR 273,07 Mio.
- Apparel and accessories, not knitted or crocheted – EUR 167,92 Mio.
- Other Made up textile articles, used goods, rags – EUR 11,67 Mio.
- Shoes, Leggings, and parts thereof – EUR 8,00 Mio.

Why Bangladesh?

Bangladesh is a winning combination with its competitive business-friendly environment and cost structure that can give you best returns:

- ▶ Industrious low-cost labor force
- ▶ Strategic location, regional connectivity and worldwide access
- ▶ Low cost of energy
- ▶ Proven export competitiveness
- ▶ Export and Economic Zones
- ▶ Positive Investment Climate
- ▶ Risk factor of FDI are the minimum in Bangladesh
- ▶ Many international agencies have identified Bangladesh as one of the most promising location for investments

4. Foreign Direct Investment (FDI)

Protection Laws

- ▶ **Foreign Private Investment (Promotion & Protection) Act, 1980 (Act No. XI of 1980)**
 - ▶ Protection against Nationalization or Expropriation of Foreign Assets
- ▶ **Bangladesh Export Processing Zones Authority Act of 1980**
- ▶ **Investment Board Act of 1989**
- ▶ **Companies Act of 1994**
- ▶ **BEPZA Act of 1996**
- ▶ **Import Policy Order 2009 – 2012**
- ▶ **Export Policy 2009 – 2012**
- ▶ **Industrial Policy 2010**
- ▶ **Policy and Strategy for Public-Private Partnership (PPP) 2010**
- ▶ **Special Economic Zones Act of 2010**

PROTECTION OF INVESTMENT

The World Bank has ranked Bangladesh 20th out of 187 countries for Investor Protection, making it the best in the South Asian region (Doing Business, 2010-Published by IFC). The Foreign Private Investment (Promotional and Protection) Act, 1980 secures all foreign investment.

MIGA

Multilateral Investment Guarantee Agency (MIGA) provides security under international law.

ICSID

International Center for the Settlement of Investment Dispute (ICSID) provides Arbitration facility.

WIPO

World Intellectual Property Organization (WIPO) safeguards copyright interests.

OPIC

Overseas Private Investment Corporation (OPIC)'s Insurance and Finance programmes operable.

FDI – Fiscal Incentives

- ▶ 10 years tax holiday for the Industries to be established before 1st January, 2012 and Duration and rate of tax exemption for **Mongla, Ishwardi & Uttara EPZ** for the industries set up after January 01, 2012:

Duration of Tax Exemption	Rate of Tax Exemption
First 03 years (1 st , 2 nd and 3 rd year)	100%
Next 03 years (4 th , 5 th and 6 th year)	50%
Next 01 year (7 th year)	25%

FDI – Fiscal Incentives

- ▶ 10 years tax holiday for the Industries to be established before 1st January, 2012 and Duration and rate of tax exemption for **Chittagong, Dhaka, Comilla, Adamjee & Karnaphuli EPZ** for the industries set up after January 01, 2012:

Duration of Tax Exemption	Rate of Tax Exemption
First 02 years (1 st and 2 nd year)	100%
Next 02 years (3 rd and 4 th year)	50%
Next 01 year (5 th year)	25%

FDI - Fiscal Incentives

cont'd

- ▶ 2. Duty free import of construction materials
- ▶ 3. Duty free import of machineries, office equipment & spare parts etc.
- ▶ 4. Duty free import and export of raw materials and finished goods
- ▶ 5. Relief from double taxation
- ▶ 6. Exemption from dividend tax
- ▶ 7. GSP facility available
- ▶ 8. Accelerated depreciation on machinery or plant allowed
- ▶ 9. Remittance of royalty, technical and consultancy fees allowed
- ▶ 10. Duty & quota free access to EU, Canada, Norway, Australia etc

4. FDI

Non-Fiscal Incentives

- ▶ 1. 100% foreign ownership permissible
- ▶ 2. Enjoy MFN (most favored nation) status
- ▶ 3. No ceiling on foreign and local investment
- ▶ 4. Full repatriation of capital & dividend
- ▶ 5. Foreign Currency loan from abroad under direct automatic route
- ▶ 6. Non-resident Foreign Currency Deposit (NFCD) Account permitted
- ▶ 7. Operation of FC account by 'B' and 'C' type Industries allowed.
- ▶ “Open Door” to Foreign Investment policy and Simplified Visa Process

4. FDI Evaluation

- ▶ Bangladesh has scored higher than the average rating of around 100 developing countries in the Country Policy and Institutional Assessment (CPIA) of the World Bank
- ▶ The FDI friendly index in the World Bank's Investing Across Borders 2011 Report covering 87 countries, lists Bangladesh as one of the most convenient destinations for FDI for the its investment friendly facilities and regulations.

4. FDI

Summary of Incentives provided to the investors

Approval Authorities	Major Fiscal Incentives	Major Non-Fiscal Incentives
<ul style="list-style-type: none">● Ministry of Finance● Bangladesh Bank● National Board of Revenue● Bangladesh Export Processing Zones Authority● Board of Investment● Bangladesh Small & Cottage industries Corporation	<ul style="list-style-type: none">● Tax Holiday● Accelerated Depreciation Allowance (ADA) instead of tax holiday● Accelerated Depreciation Allowance● Concessionary duty on imported machinery● Avoidance of Double Taxation	<ul style="list-style-type: none">● Remittance of royalty, technical know-how, technical assistance fee.● 100% Foreign Equity allowed.● Unrestricted Exit Policy.● Full Repatriation facilities of dividend and capital at the event of exit.● Permanent Residence Permit on investing US\$ 75,000 and Citizenship offer for investing US\$ 5,00,000.

5. Bangladesh Export Processing Zones Authority

Objectives of BEPZA

- ▶ Boost up Foreign and Local Investment
- ▶ Accelerate volume of Export
- ▶ Create Job Opportunity
- ▶ Poverty alleviation
- ▶ Transfer of technology and skill development
- ▶ Development of backward and forward linkage
- ▶ Industries
- ▶ Promote Accessories and supportive service
- ▶ Enterprises



6. Top 10 Investments in BEPZA

Sl	Product	Enterprise (Nos.)	Investment (US\$ m)	Employment (Nos.)
1	Garments	105	1,169.30	239,176
2	Garment Accessories	85	423.00	20,882
3	Textile	40	564.21	24,207
4	Knitting & other Textile pdt.	37	269.95	30,002
5	Footwear & Leather goods	29	200.93	29,358
6	Terrytowel	18	77.46	7,925
7	Electronics & Electrical goods	16	128.17	4,282
8	Plastic goods	15	46.30	3,331
9	Metal Products	13	43.47	2,871
10	Tent	10	74.67	10,746

7. Why you should invest in EPZs

- ▶ Congenial Investment
- ▶ Climate
- ▶ Industrial Friendly
- ▶ Atmosphere
- ▶ Peaceful working
- ▶ Environment
- ▶ Win –Win Ventures
- ▶ Good Infrastructure
- ▶ Facilities
- ▶ Reduction Of Lead Time
- ▶ Less Cost Of Doing Business
- ▶ Friendly Policy Of The Government
- ▶ Attractive Incentives
- ▶ Better Law & Order Situation
- ▶ Success Story

8. Thrust Sector / Potential Sectors

- ▶ Agribusiness
- ▶ Ceramics
- ▶ Electronics
- ▶ Frozen Foods
- ▶ Garments and Textiles
- ▶ ICT and Business Services
- ▶ Leather and Leather Goods
- ▶ Light Engineering
- ▶ Power Industry
- ▶ Life Sciences (Pharmaceuticals)
- ▶ Tourism Sector
- ▶ Ship Building

4.1 Business Setup at a Glance

Implementing a private sector industrial project in Bangladesh either local, joint venture or 100% foreign follows a rather simplified process. The entire process could be divided into 5 (five) major steps as presented in the following diagram. BOI supports are available in Step 1 through 4.

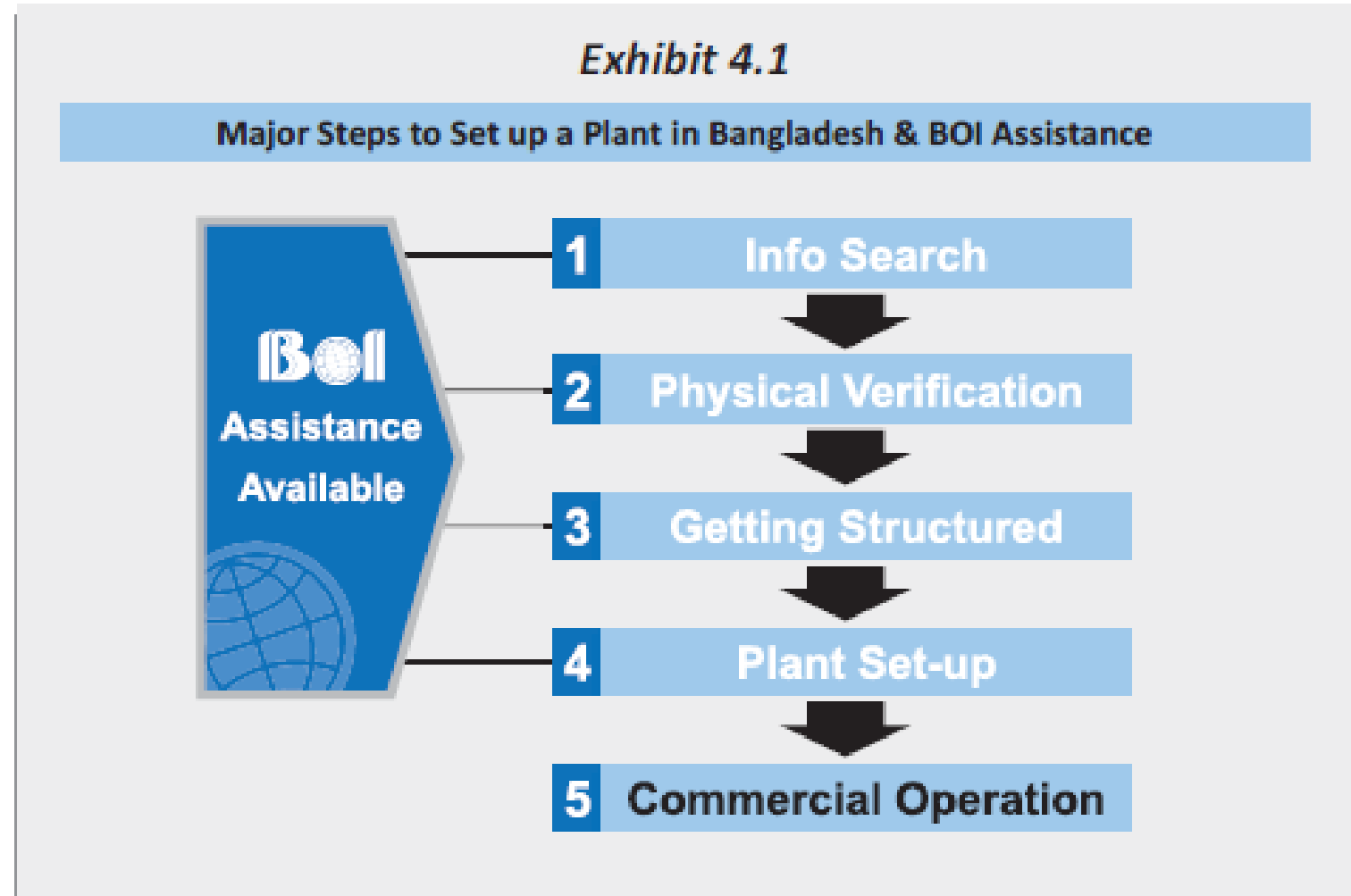
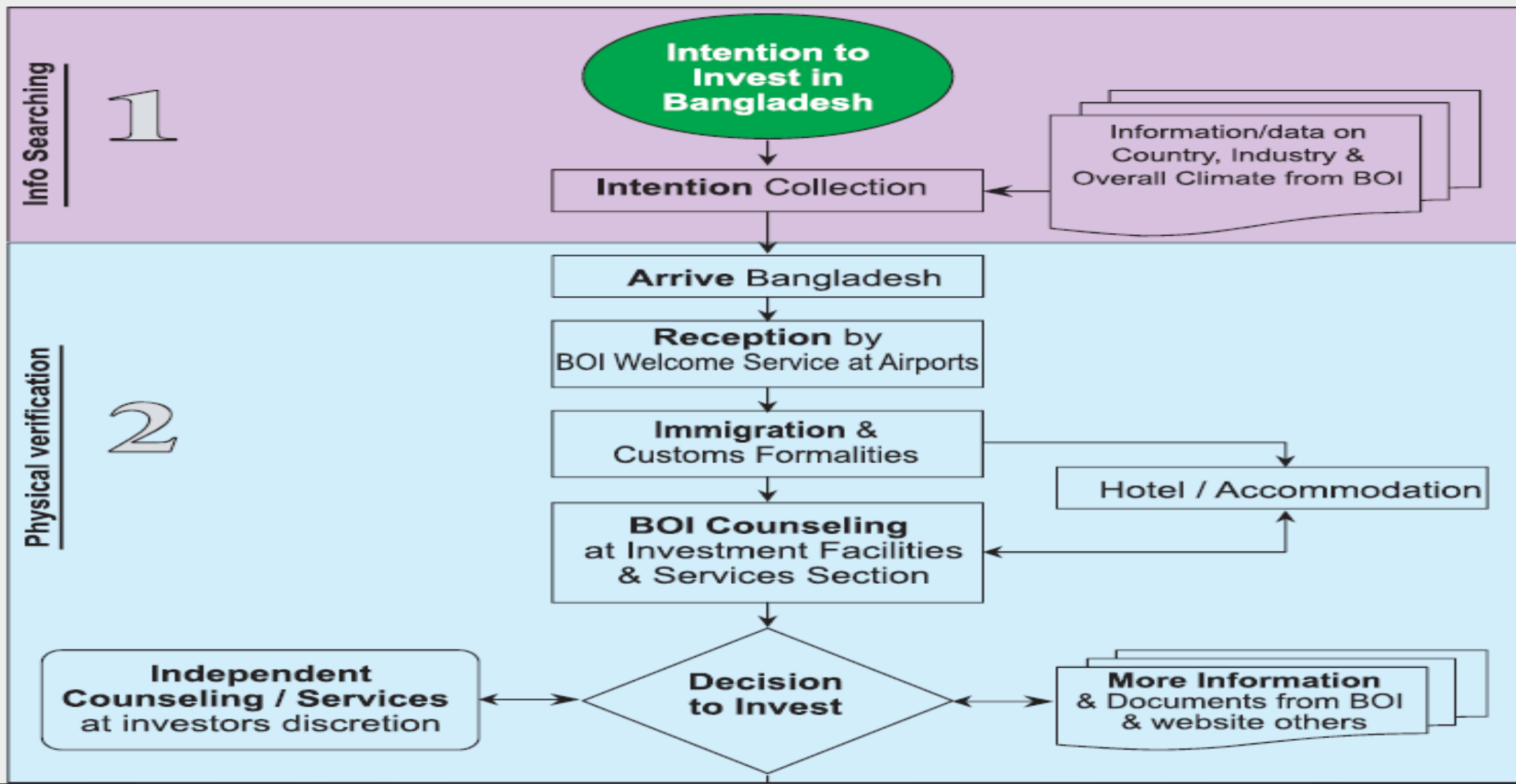
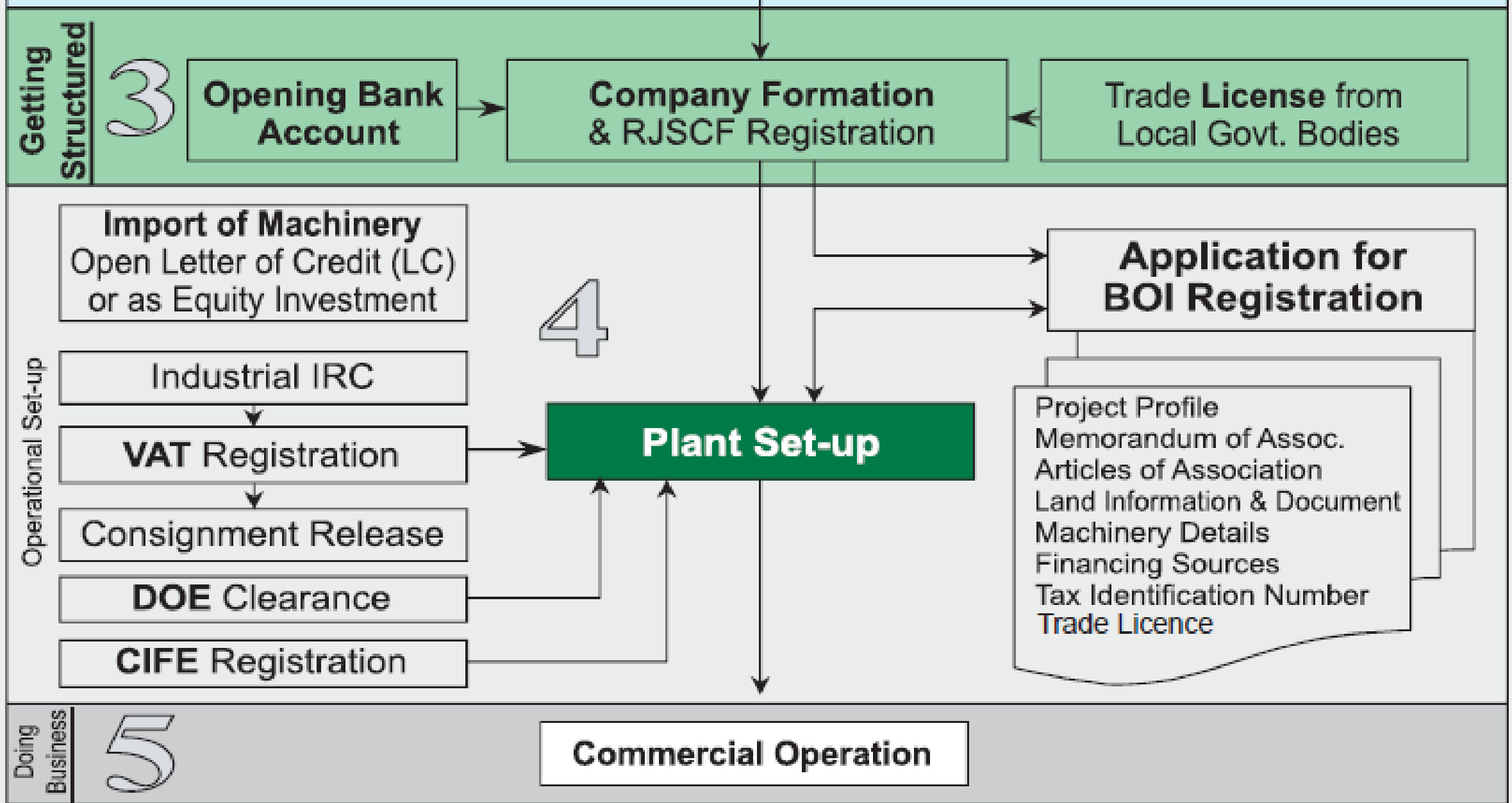


Exhibit 4.2

Business Setup Road Map





CIFE : Chief Inspector of Factories & Establishments. **DOE** : Department of Environment.
RJSCF : Registrar of the Joint Stock Companies and Firms. **VAT** : Value Added Tax

9. Conclusions and Q&A

We hope you found this summary on Bangladesh and its
Business Climate Informative



THANK YOU !