

Government of Bangladesh  
**Board of Investment**



**IBFB Discussions on Trade and Investment Opportunities with  
Japan, 22 Jul 2007**

# **Bangladesh-Japan Trade and Investment: Opportunities and Challenges**

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Member, BOI

Dhaka • 22 July 2007

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## Contents

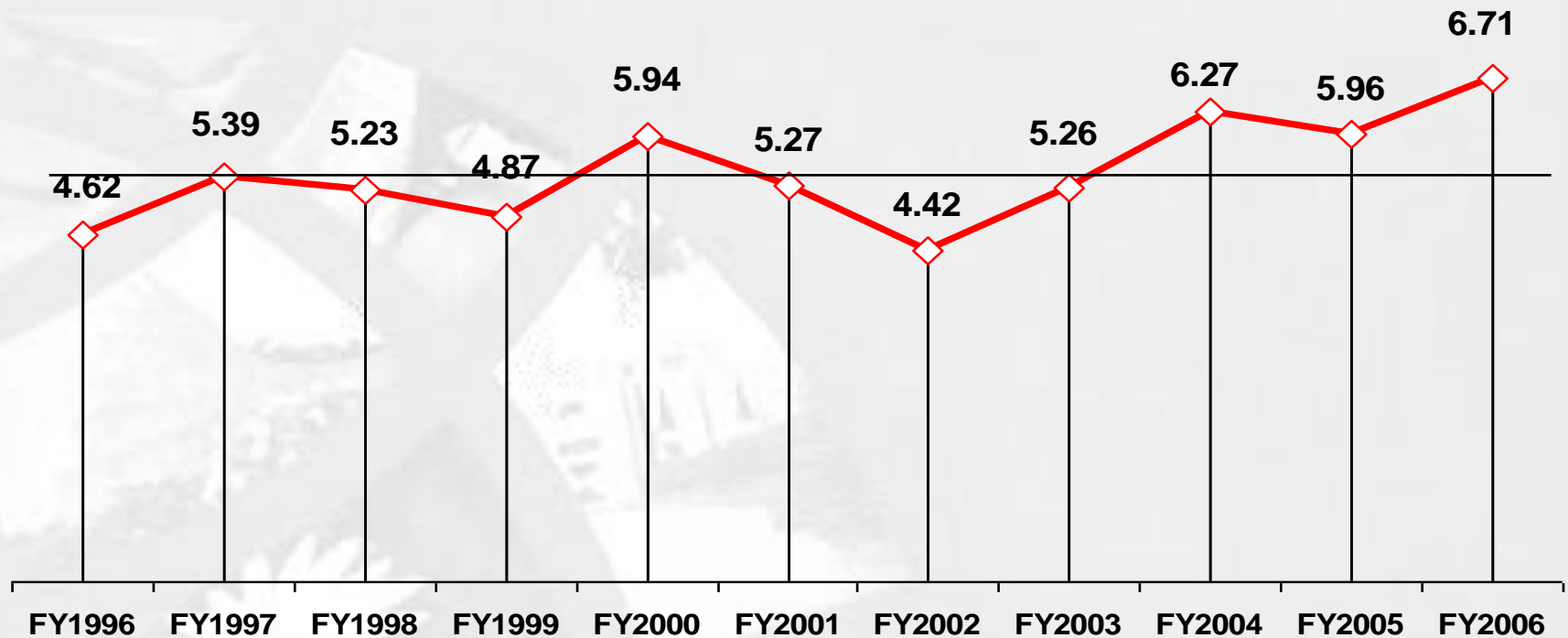
### Discussion would adhere to following sequence:

1. Bangladesh Macro Economic Scenario
2. Investment Climate, Incentives and Costs
3. Bangladesh-Japan Business Relations
4. Potential Investment Sectors
5. Facilitation Issues
6. Business Process Guideline

# 1 Macro Economic Scenario

# Bangladesh Macroeconomic Scenario

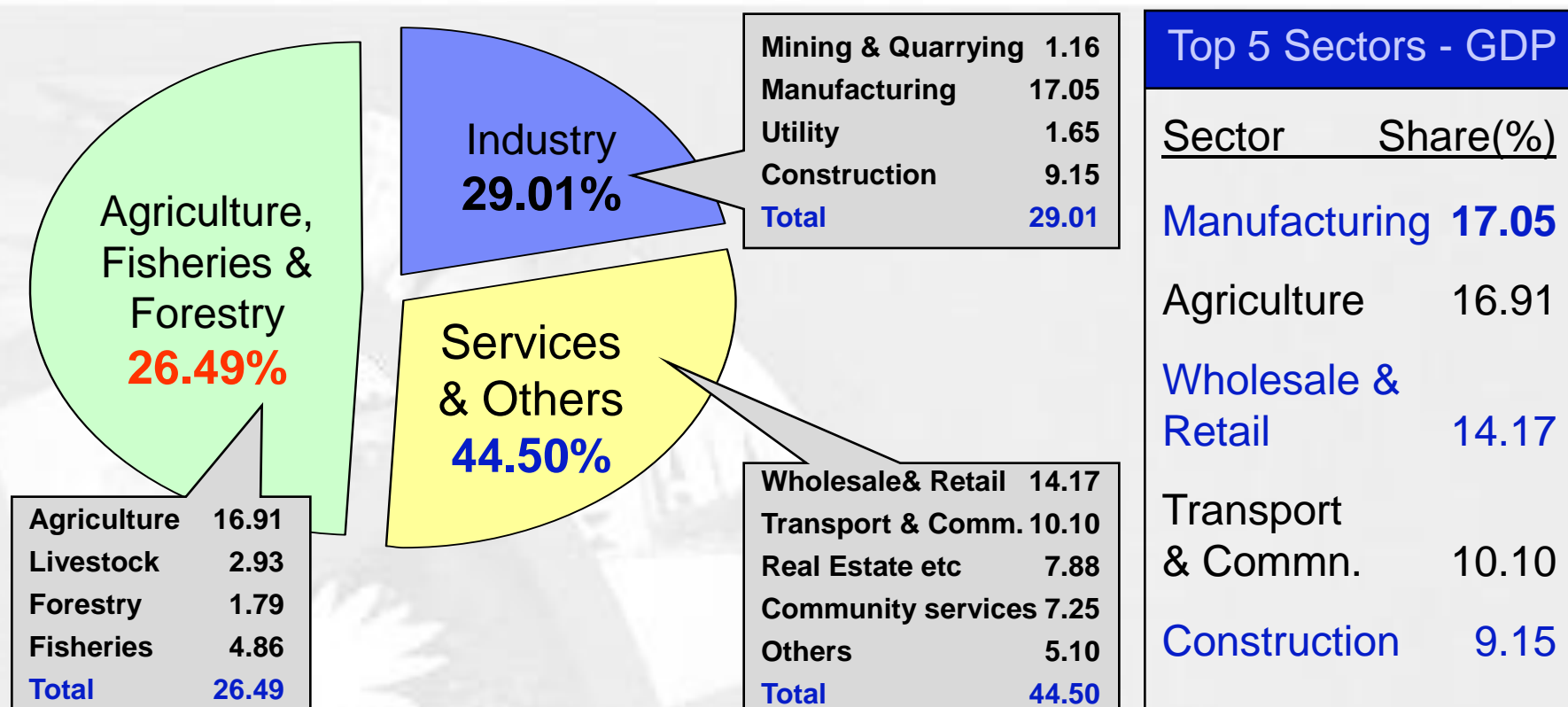
## Rising Trend of GDP Growth (%)



Source: Bangladesh Economic Review 2006.

# Bangladesh Macroeconomic Scenario

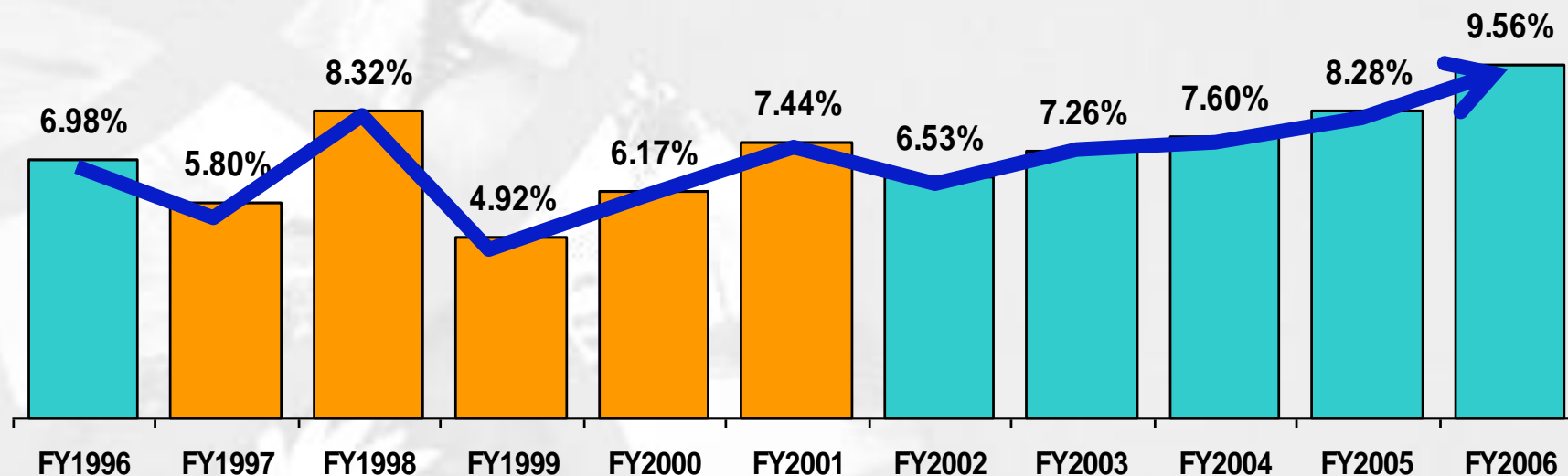
## Sectoral Contribution in GDP FY 2007



Source: Bangladesh Economic Review 2006.

## Bangladesh Macroeconomic Scenario

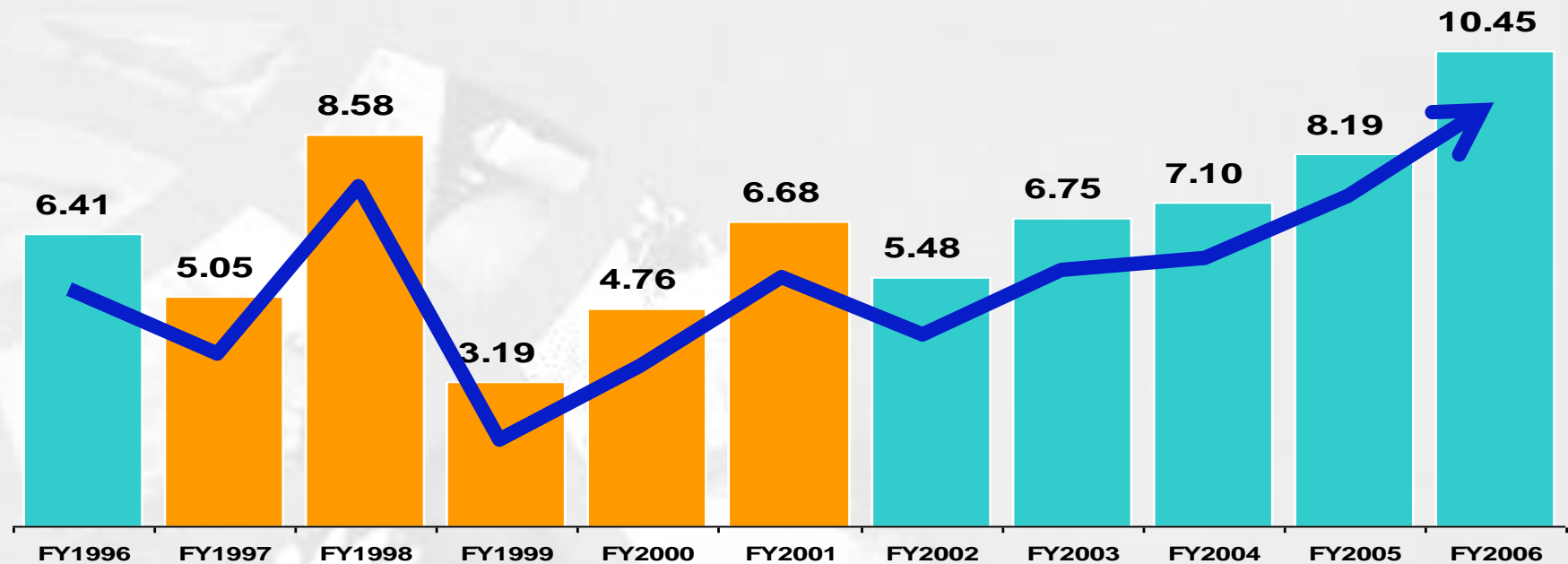
### Sustained and Rising Industrial Growth (%)



Source: Bangladesh Economic Review 2006.

# Bangladesh Macroeconomic Scenario

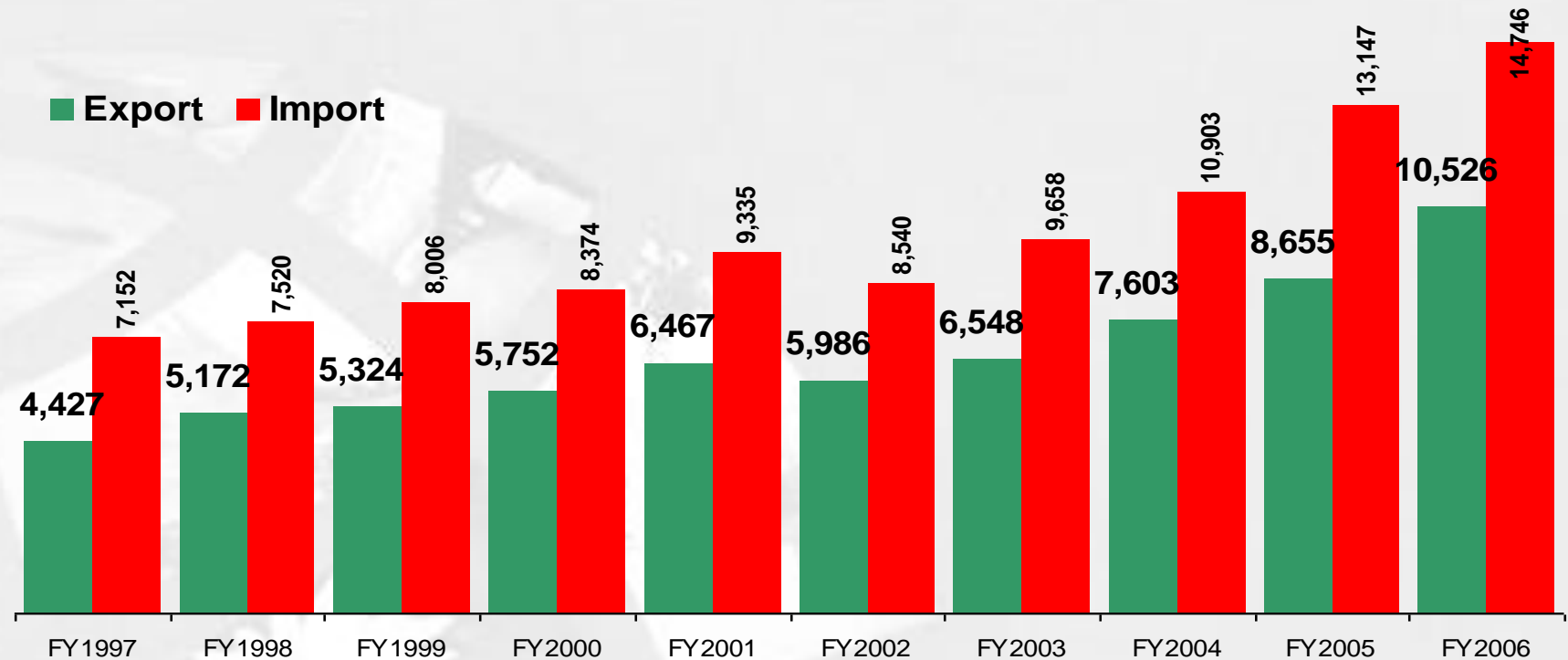
## Recent Surge in Manufacturing Growth (%)



Source: Bangladesh Economic Review 2006.

# Bangladesh Macroeconomic Scenario

## Growth in Bilateral Trade (Million US\$)

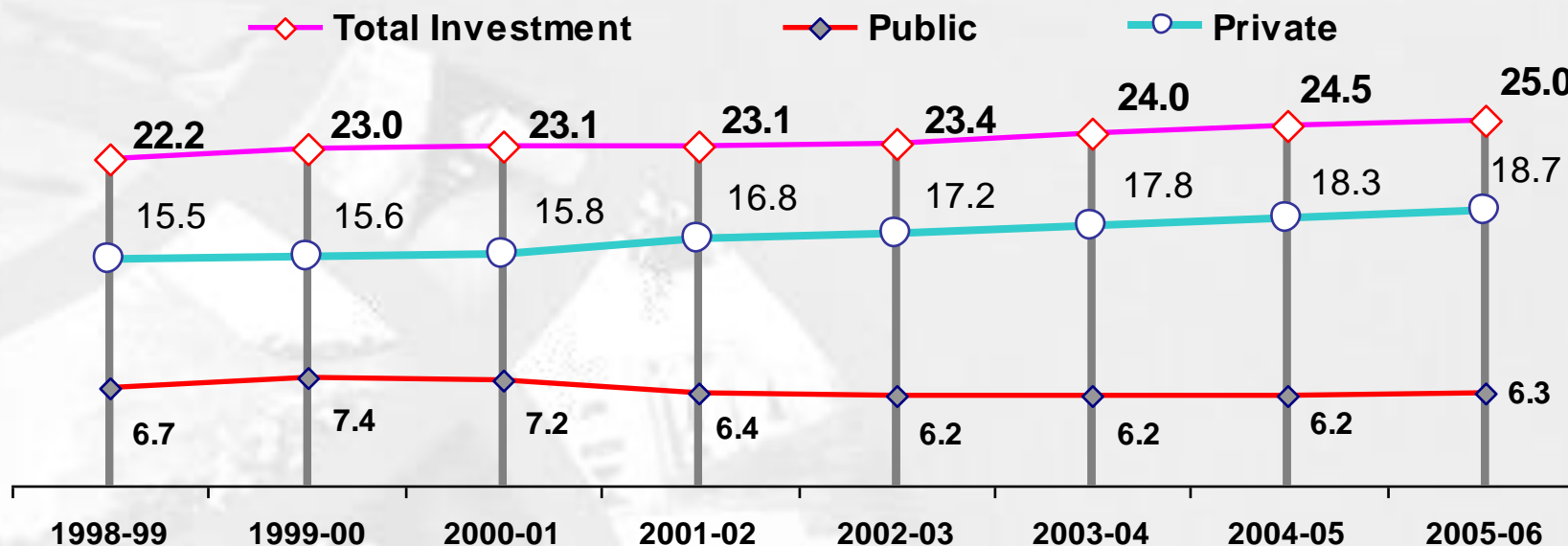


Source: Bangladesh Economic Review 2006.



# Bangladesh Macroeconomic Scenario

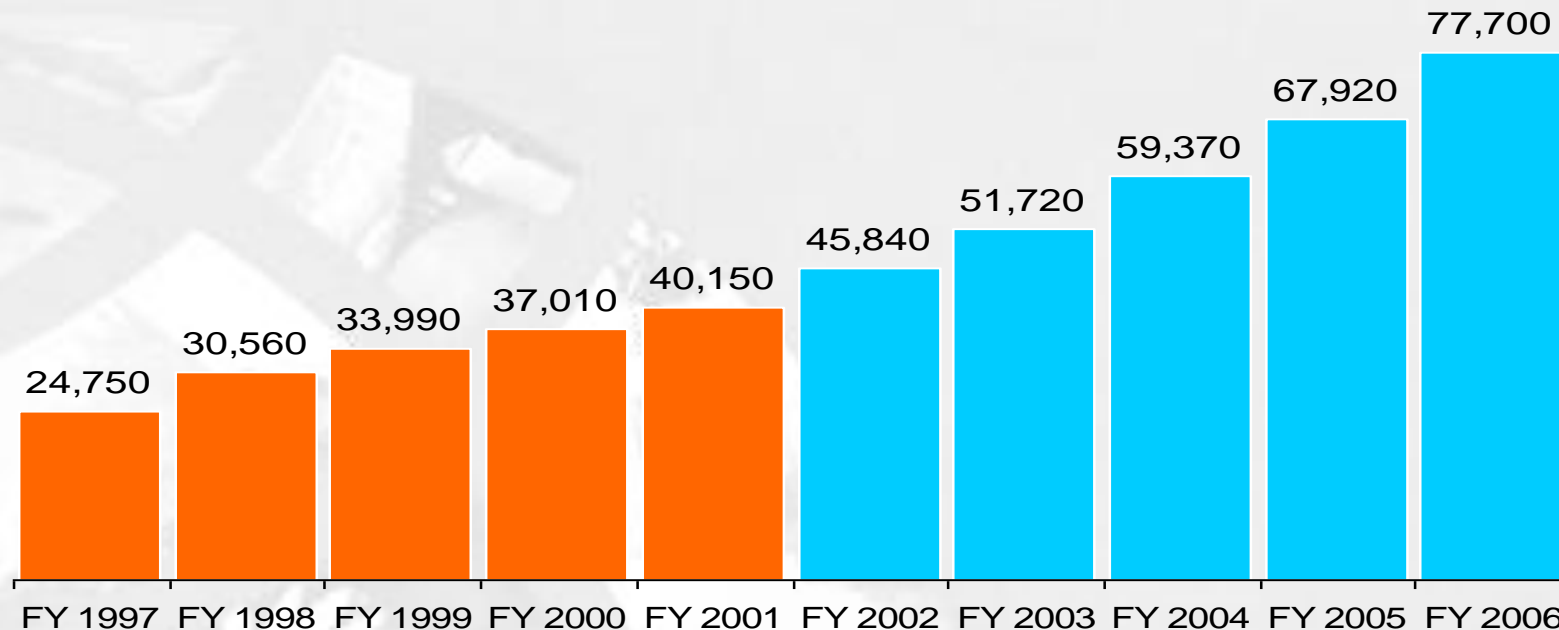
## Growing Private Investment (% of GDP)



Source: Bangladesh Economic Review 2006

## Bangladesh Macroeconomic Scenario

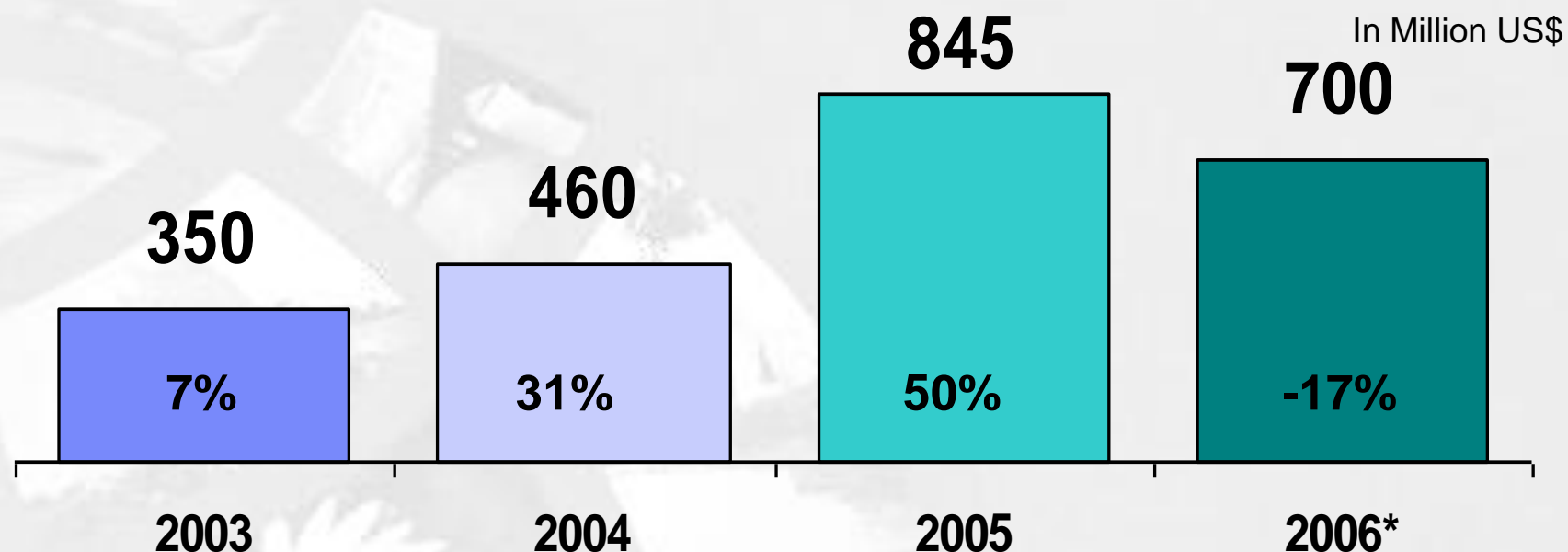
### Annual Private Investment (in Crore Taka)



Source: Bangladesh Economic Review 2006

## Macroeconomic Conditions

FDI Inflow (Mill US\$, Calendar Year basis)



Source: World Investment Report 2006 and Bangladesh Bank \* = Estimated

## Bangladesh Macroeconomic Scenario

### FDI Inflow 2005: Sectoral Break Up

Broad Sectors	2004 (Mill.US\$)	Share (%)	2005 (Mill.US\$)	Share (%)
Energy & Power	124.0	27%	208.3	25%
Manufacturing	139.4	30%	219.4	26%
Trade & Commerce	66.6	14%	130.5	15%
Telecommunication	127.5	28%	278.8	33%
Other Services & Misc	2.8	1%	8.4	1%
<b>Total</b>	<b>460.3</b>	<b>100%</b>	<b>845.4</b>	<b>100%</b>

## Bangladesh Macroeconomic Scenario

### FDI Inflow: Distribution of Sources by Region

Sources / Regions	FDI US\$ Mill	Share (%)
<b>Developed Economies</b>	<b>434.90</b>	<b>51.45%</b>
<b>Western Europe</b>	<b>245.90</b>	<b>29.09%</b>
European Union	243.60	28.82%
Other Western Europe	2.30	0.27%
<b>North America</b>	<b>142.50</b>	<b>16.86%</b>
<b>Other Developed Economies</b>	<b>46.50</b>	<b>5.50%</b>
<b>Developing Economies</b>	<b>365.40</b>	<b>43.23%</b>
<b>Africa</b>	<b>48.40</b>	<b>5.73%</b>
<b>Latin America &amp; the Caribbean</b>	-	-
<b>Asia &amp; the Pacific</b>	<b>317.00</b>	<b>37.50%</b>
Asia	317.00	37.50%
South, East and South-East Asia	260.70	30.84%
<b>Others</b>	<b>45.00</b>	<b>5.32%</b>
<b>Total</b>	<b>845.30</b>	<b>100.00%</b>

#### FDI Source-2005

Country	\$.Mill
UK	152.8
USA	141.8
Singapore	97.5
UAE	55.4
Norway	53.5
<b>Japan</b>	<b>46.5</b>

**8<sup>th</sup>** among 30 sources

# 2 Investment Climate, Incentives & Costs

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## Investment Climate

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**Bangladesh is a profitable investment location, featuring:**

- Strategic geographic location
- Natural Resources availability
- Skilled Human Resources
- Good Governance
- Competitive Cost of Doing Business
- Private Sector led economic development strategy  
(FY 2005-06, share of private investment was **74.8%**.)

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## Investment Climate

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**Bangladesh is a profitable investment location, featuring:**

1. No Ceiling, no Flooring on FDI amount.
2. Foreign Investment Protection by Law.
3. Market Access Opportunity.
4. 100% Foreign Ownership allowed.
5. Tax and Duty Exemption for Exports.
6. Specified Export Incentives.
7. Easy repatriation and remittance facility.
8. Unhindered Exit.



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## Investment Costs

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### Investment Costs

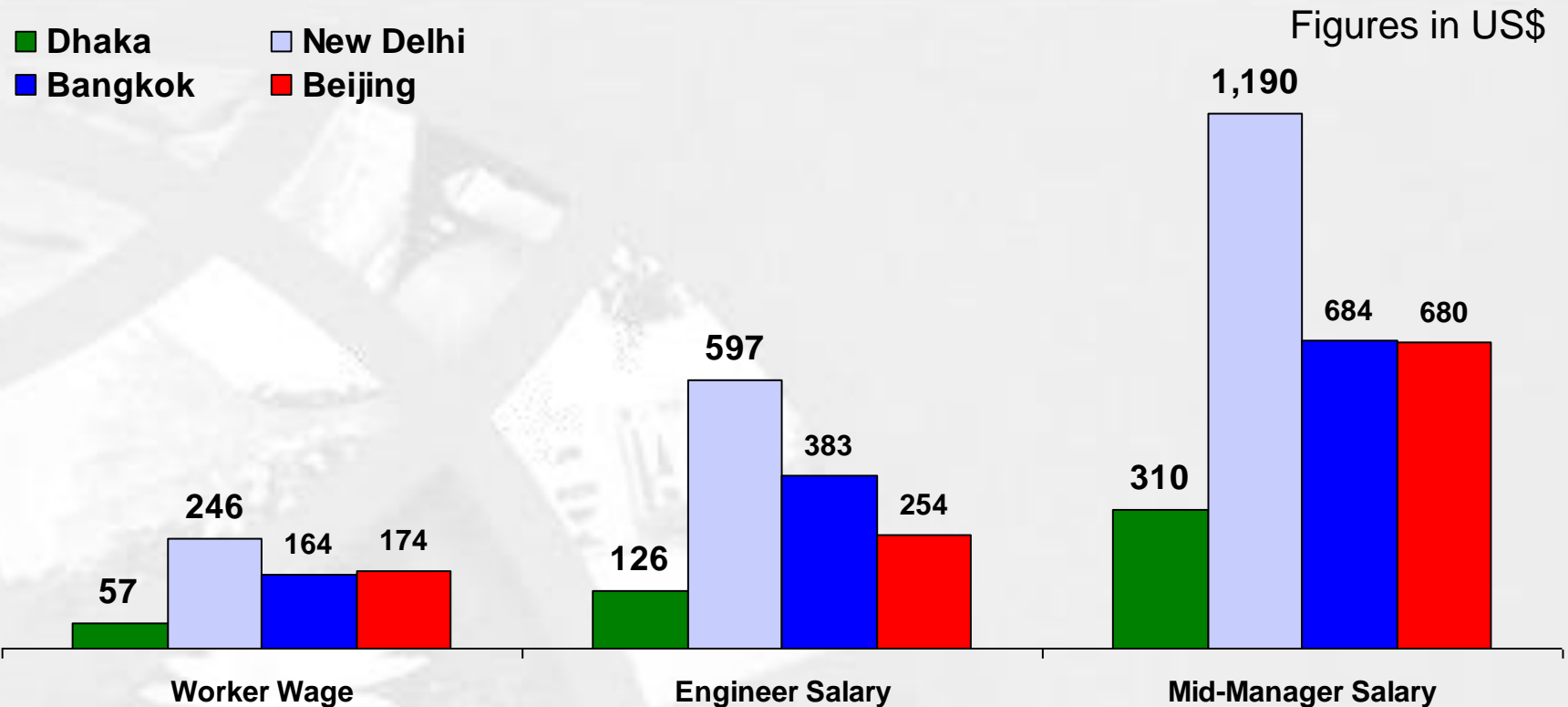
The 17th Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia” conducted by the Japan External Trade Organization (JETRO) in March 2007 found out that

Bangladesh remains highly cost-competitive compared to the other economies in Asia.

Let’s see some figures ... ..

## Investment Costs

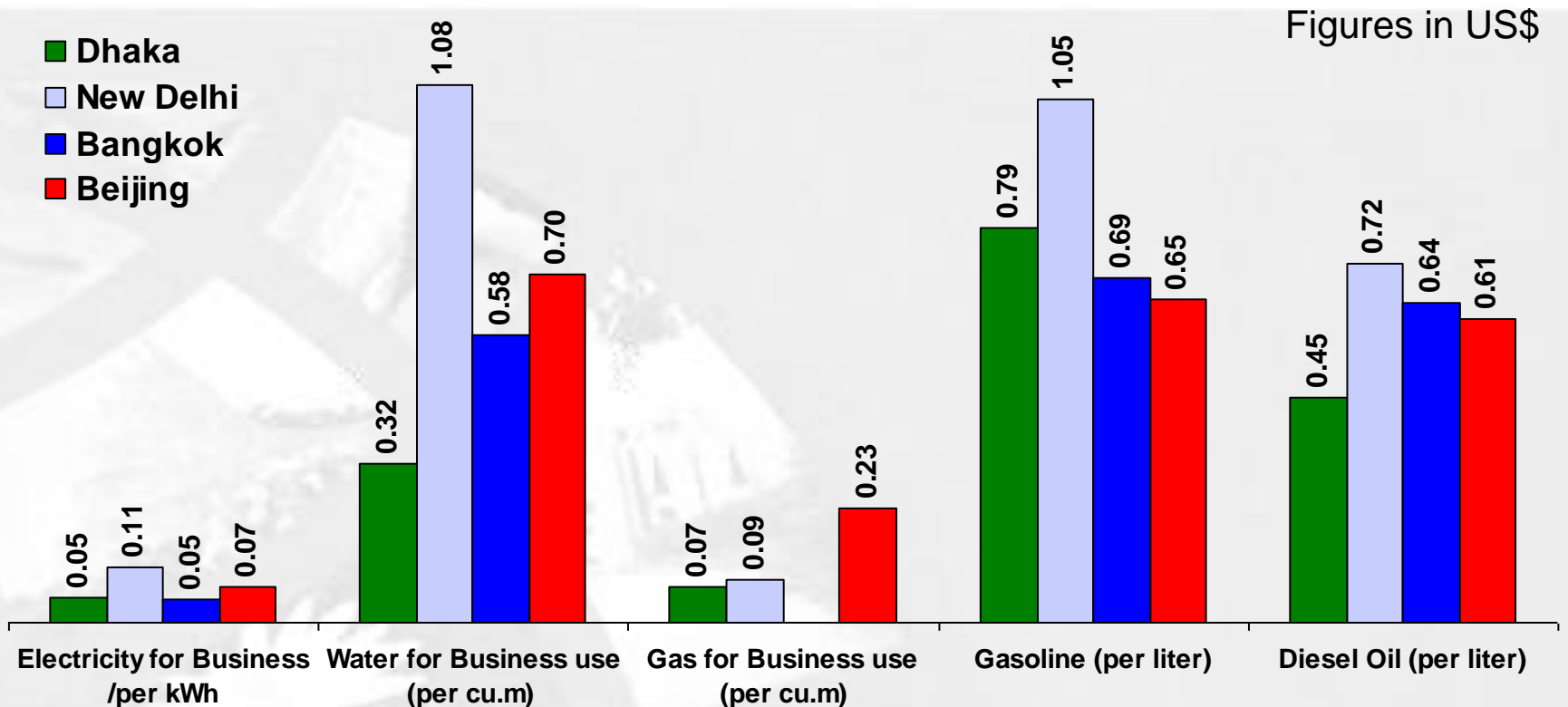
### 17th Survey Findings of JETRO: Wage/Salary, House Rent



Source: The 17<sup>th</sup> Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia JETRO, 2007

# Investment Costs

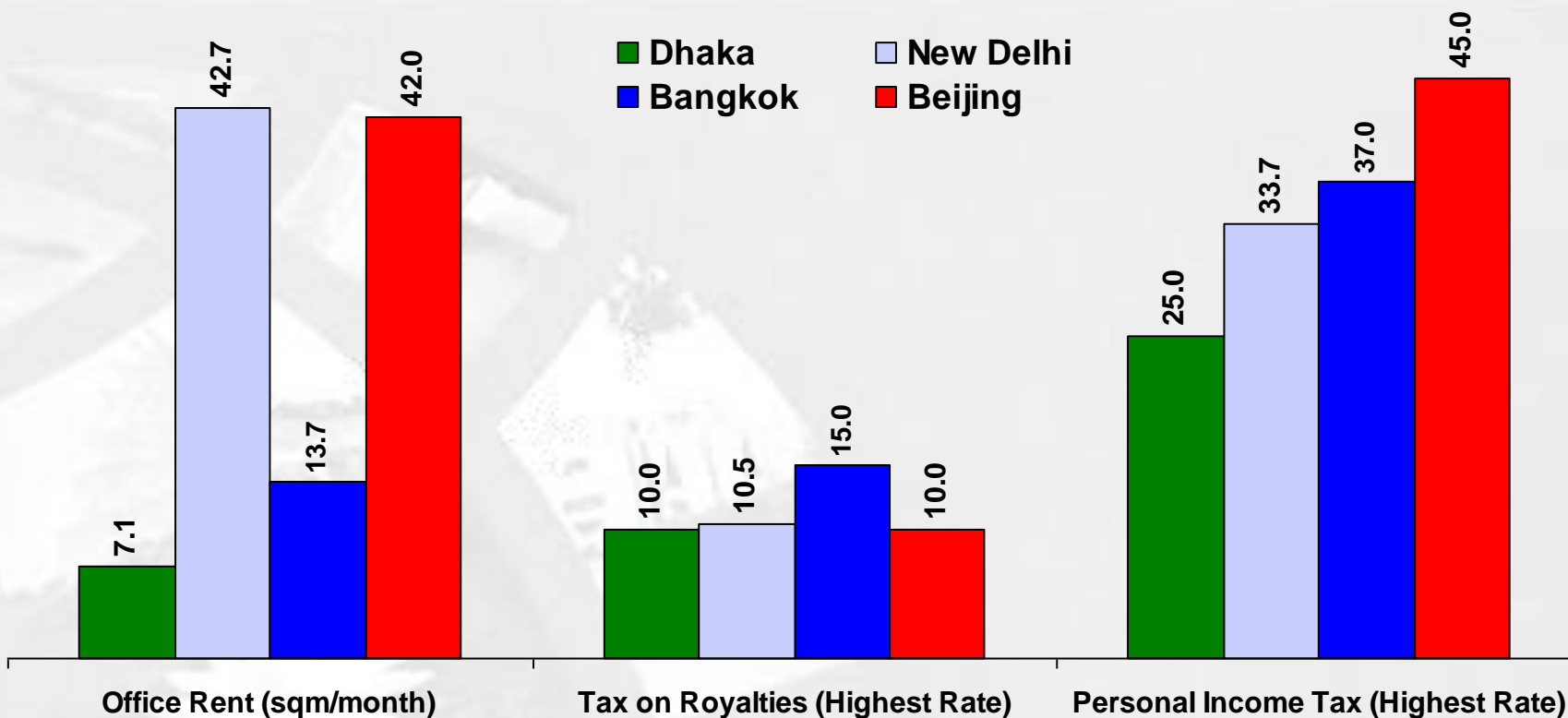
## 17th Survey Findings of JETRO: Utility, Gasoline, Telecom



Source: The 17<sup>th</sup> Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia JETRO, 2007

## Investment Costs

### 17th Survey Findings of JETRO: Office Rent & Tax Rates-%



Source: The 17<sup>th</sup> Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia JETRO, 2007

# 3 Bangladesh-Japan Business Relations

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## **Bangladesh-Japan Business Relations**

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### Bilateral Business Relations Framework Milestones

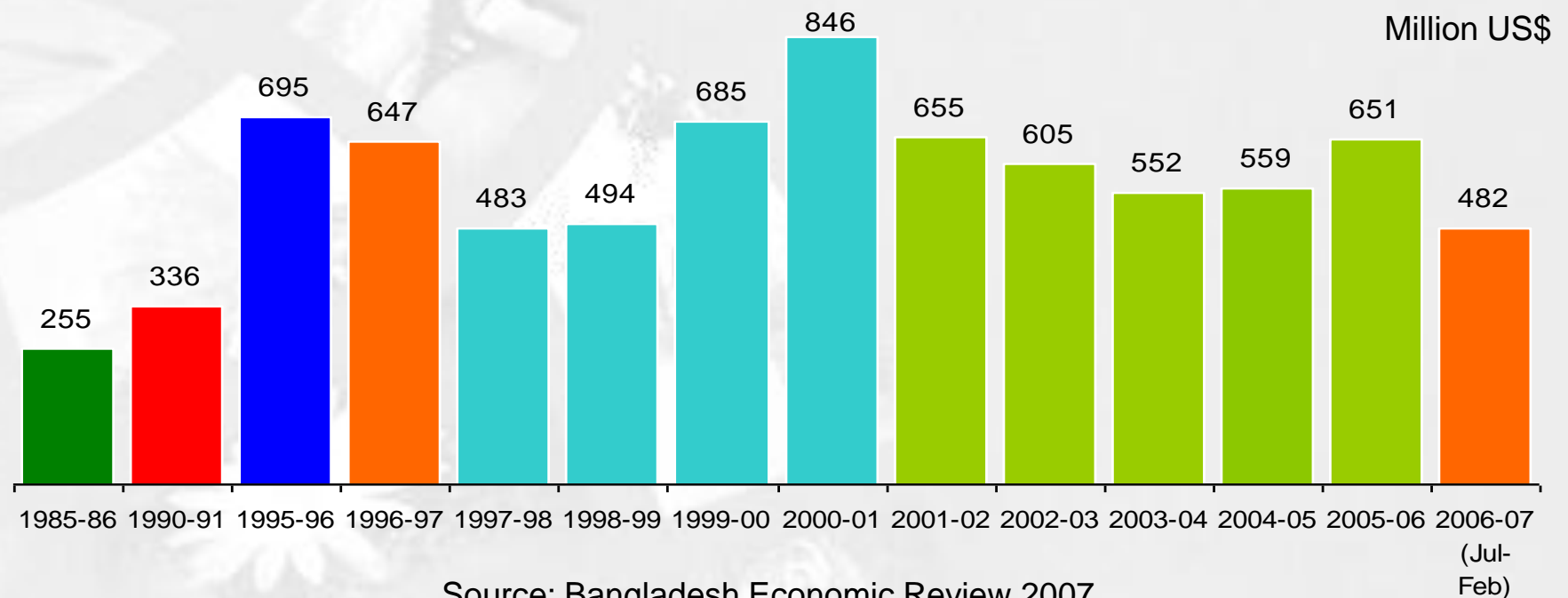
- a. Bilateral Investment Protection Treaty 10 Nov 1998
- b. Avoidance of Double Taxation Treaty 06 Aug 1991
- c. Bangladesh Japan Joint Commission
- d. Japan Bangladesh Chamber of Commerce & Industry (JBCCI)
- e. GSP Facilities to Bangladeshi Products
- f. Substantial Equipment and Raw Materials Imports from Japan
- g. Bangladeshi Diaspora in Japan

## Bangladesh-Japan Business Relations

### Japan's Export to Bangladesh

Japan is the 5<sup>th</sup> largest import source of Bangladesh.

### Recent Trend in Japan's Export to Bangladesh (U\$ million)

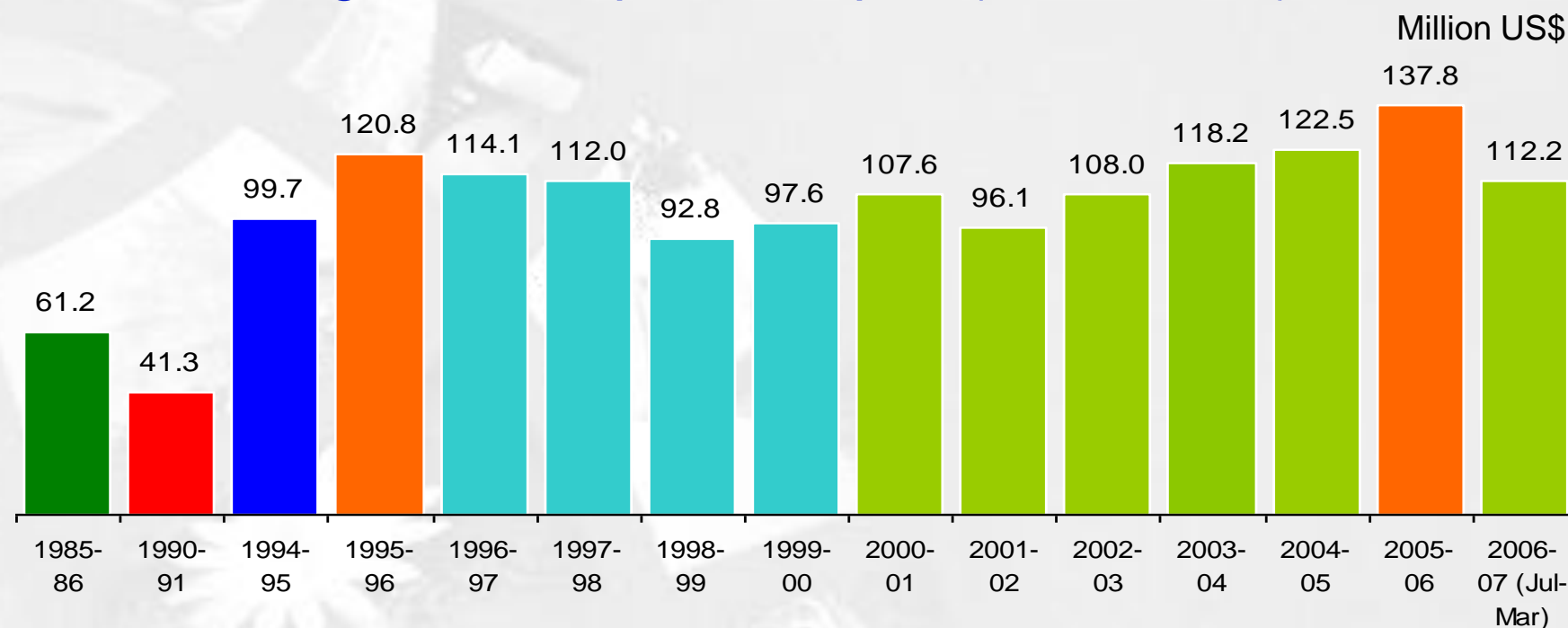


## Bangladesh-Japan Business Relations

Currently, Japan is Bangladesh's **9<sup>th</sup> largest** export market.

In FY1995-96, Bangladesh export to Japan crossed 100 million dollar mark.

Trend in Bangladesh Export to Japan (Million US\$)

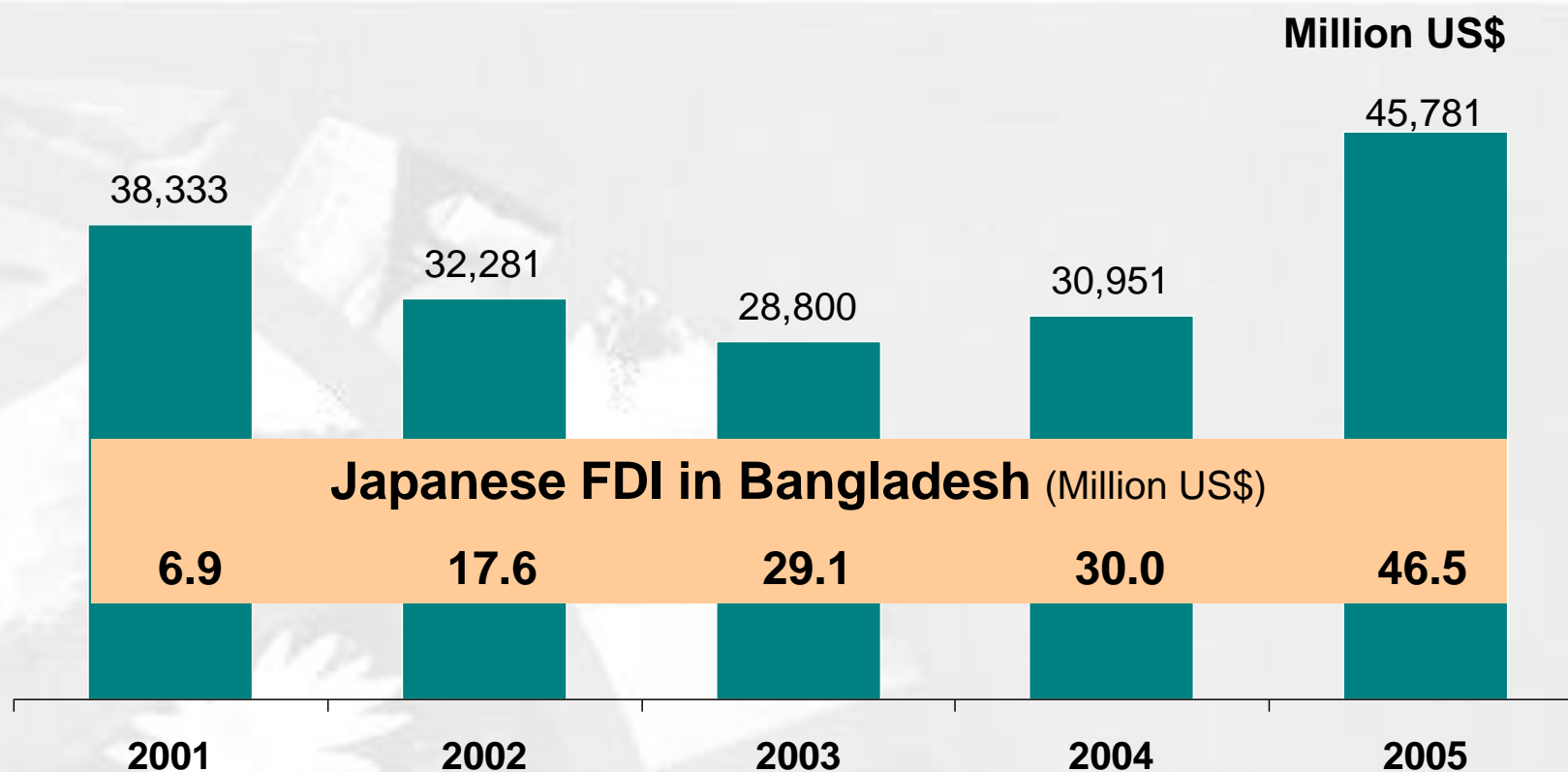


Source: Bangladesh Economic Review 2007.



## Bangladesh-Japan Business Relations

### FDI Outflows from Japan and Share of Bangladesh



Source: World Investment Report 2006 and Bangladesh Bank

# 4 Potential Investment Sectors

## Potential Investment Sectors

### Manufacturing – Broad Sectors

- |  |                            |
|--|----------------------------|
| 1. Textile <ul style="list-style-type: none"><li>• RMG</li><li>• Yarn &amp; Fabric</li><li>• Manmade Fibre</li></ul> | 4. Agro-engineering        |
| 2. Pharmaceuticals   | 5. Ceramics Tableware      |
| 3. Agro-processing   | 6. Leather & Leather Goods |
|  | 7. Steel                   |
|  | 8. Frozen Food             |

## Potential Investment Sectors

### Services & Others – Broad Sectors

1. Information & Communication Technology (ICT)
2. Infrastructure
3. Natural & Mineral Resources
4. Hospitality and Tourism
5. Health care
6. Education

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# 5 Facilitation Issues

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## Facilitation Issues

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Following issues are significant about facilitating Japanese investments:

- Investment related costs.
- Business Regulatory Framework and Process
- Utility and other infrastructure
- Port

Government has taken note on the comments made by the JETRO Representative in Dhaka on 19 June 2007.

# 6 Business Process Guideline

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## Business Process Guideline

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### Investment Facilitating Agencies

- Board of Investment (BOI)
- Bangladesh Export Processing Zones Authority (BEPZA)
- Registrar of Joint Stock Companies & Firms (RJSCF)
- National Board of Revenue (NBR)
- Bangladesh Bank (BB)
- Ministry of Industries (MOI) &
- Bangladesh Small & Cottage Industries Corps. (BSCIC)



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## Business Process Guideline

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### Broad functions of BOI:

#### 1. Investment Promotion

Promoting the country, sectors, facilities etc.

#### 2. Investment Facilitation

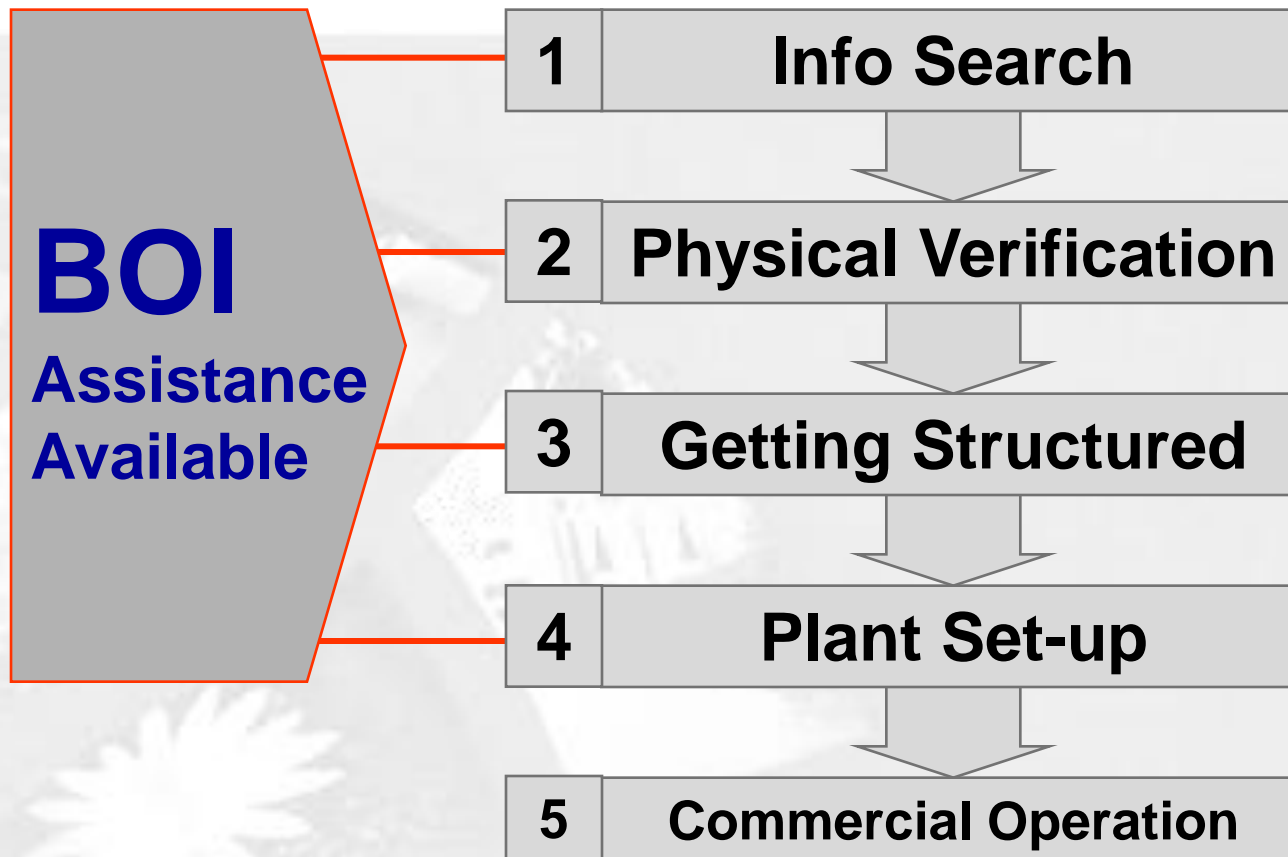
Business start-up and others approval processes including Visa-on-Arrival, Registration of Industrial Projects and Commercial/Branch/Liaison Offices, Work Permit, IRC, Remittance, Foreign Loan approvals etc.

#### 3. Policy Advocacy

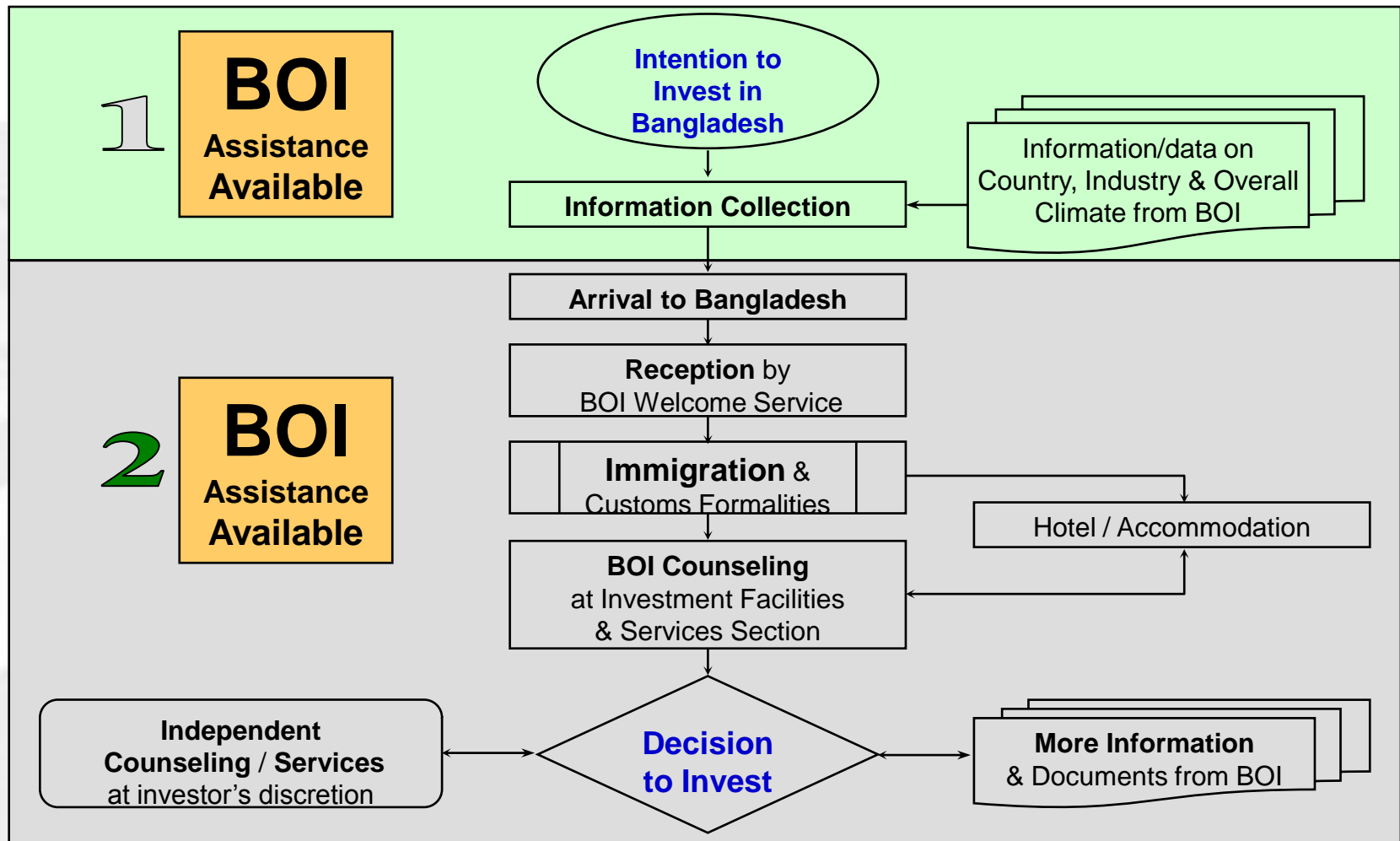
Suggesting coherent and favorable policy regime specially for private sector development.

# Business Process Guideline

## Business Startup Roadmap



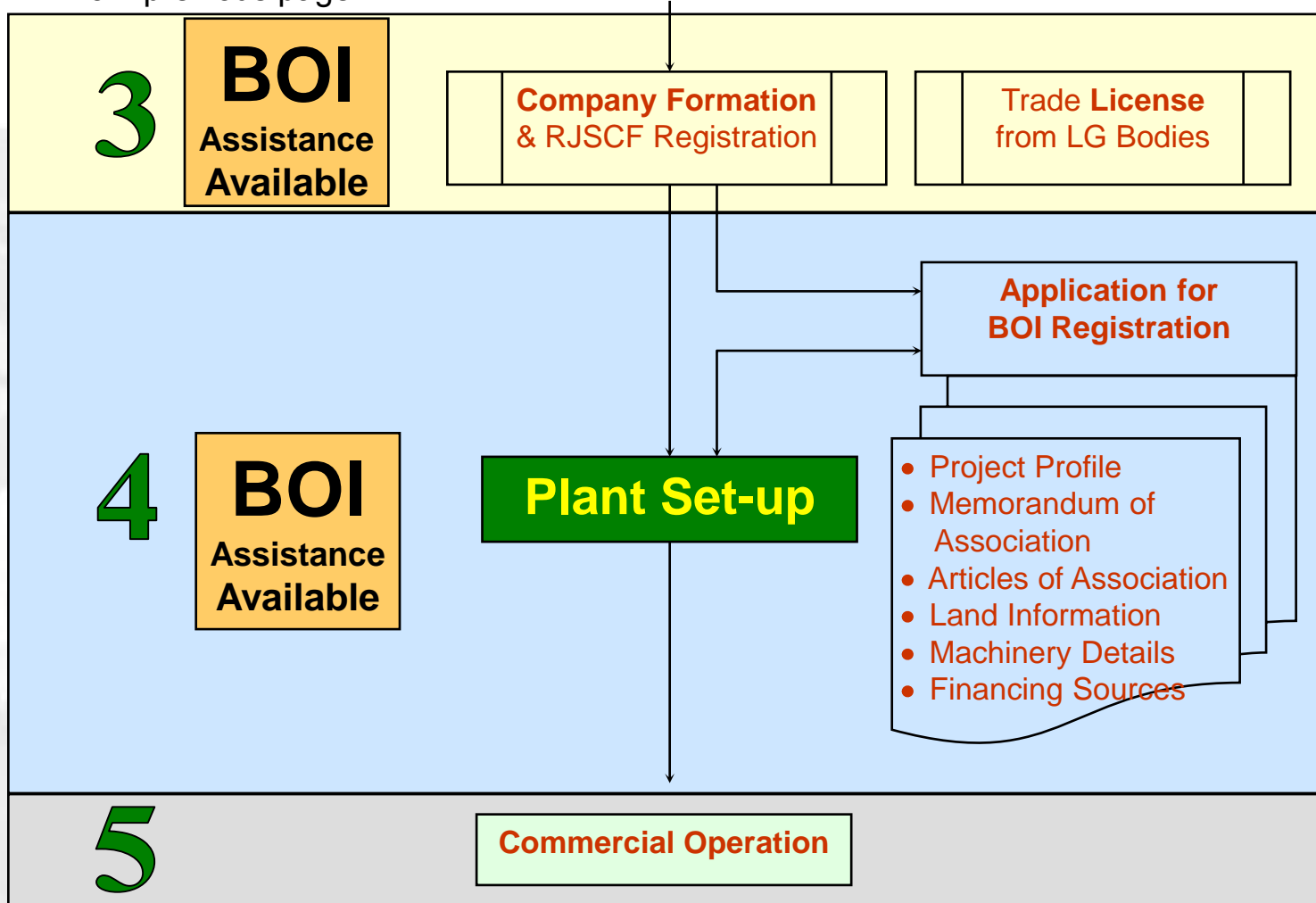
# Business Process Roadmap – Details



Continued ...

# Business Process Roadmap – Details

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## Contact Points

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Contact details are available at the following websites:

- Board of Investment [www.boi.gov.bd](http://www.boi.gov.bd)
- BEPZA [www.epzbangladesh.org.bd](http://www.epzbangladesh.org.bd)
- Registrar of Joint Stock Companies & Firms <http://roc.gov.bd>
- National Board of Revenue [www.nbr-bd.org](http://www.nbr-bd.org)
- Bangladesh Bank [www.bangladesh-bank.org](http://www.bangladesh-bank.org)
- Ministry of Industries & BSCIC [www.moind.gov.bd](http://www.moind.gov.bd)

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# Thank You