



Bangladesh Investment  
Development Authority



# BANGLADESH **INVESTMENT HANDBOOK**

## A GUIDE FOR INVESTORS





Father of the Nation  
**Bangabandhu Sheikh Mujibur Rahman**





This publication has been prepared under the guidance of the Executive Chairman of Bangladesh Investment Development Authority, Prime Minister's Office. References to and citations from this report are allowed but must be properly acknowledged.

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# Bangladesh Investment Handbook

A guide for **investors**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**PRIME MINISTER**  
**GOVERNMENT OF THE PEOPLE'S**  
**REPUBLIC OF BANGLADESH**

13 Sraban 1427  
28 July 2020

## Message

I am happy to know that Bangladesh Investment Development Authority (BIDA) is publishing its flagship publication titled 'Bangladesh Investment Handbook – A Guide for Investors'.

Investment is the lifeline of our economy and investment promotion has been designated as one of the ten special initiatives of the Awami League government. Bangladesh offers its large domestic markets, strategic location, high profitability, demographic dividend and conducive policy incentives that rendered the country as one of the most preferred investment destinations in the world. These have fostered increased private investments and yielded significant rise in both local and Foreign Direct Investment (FDI) in the recent years. Moving up of 8 notches, from 176 to 168 in World Bank's Ease of Doing Business index 2020, demonstrated feats of assertive regulatory reforms, we adopted to accelerate investment in the country. Establishment of interoperable One Stop Service (OSS) in BIDA is another approach of facilitating services required to improve business climate. These reinforce our efforts to capitalize the global investments more successfully which is spearheaded by our prime Investment Promotion Agency (IPA), BIDA.

We are celebrating 'Mujib Year' marking the birth centenary of the Greatest Bangalee of the all times, Father of the Nation Bangabandhu Sheikh Mujibur Rahman. Being imbued with his vision of building Sonar Bangladesh, we have achieved outstanding socio-economic progress in the last 11 and a half years. To encourage investment especially from SMEs, we have declared Light Engineering products as 'Product of the Year 2020'.

Together with keeping steady economic Growth Rate of over 8.0 percent in the last few years, our government has relentlessly been working to implement Vision-2021, Vision-2041 and Delta Plan-2100 along with SDGs. However, the pace is temporarily halted by the pandemic of COVID-19 in the country. Despite the turmoil, we have allocated special fiscal incentive packages from our own exchequer to continue, and even improve the businesses in the country.

Such publication is the best way to inform the available policies, incentives and procedures to the potential investors.

I believe the BIDA Handbook will be helpful in mobilizing private investments and also be useful for investors in making decision and doing business easily in the country.

I wish publication of 'Bangladesh Investment Handbook – A Guide for Investors' a grand success.

Joi Bangla, Joi Bangabandhu  
May Bangladesh Live Forever.

  
**Sheikh Hasina**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



ADVISER TO THE HON'BLE PRIME MINISTER  
PRIVATE SECTOR INDUSTRY & INVESTMENT  
Government of Bangladesh

## Message

I am pleased to know that Bangladesh Investment Development Authority (BIDA) is going to publish an important and most needed document the 'Bangladesh Investment Handbook: A Guide for Investors'. This landmark publication will deliver all the information required to start and operate a business in Bangladesh.

Bangladesh is often described as the land of untapped opportunities. The country enjoys stunning economic record, highly adaptive & competitive workforce and several potential industrial sectors that have been discussed in this handbook.

Inspired by the vision of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, the government led by the Honourable Prime Minister Sheikh Hasina has built a solid foundation to support the growth of economic activities in Bangladesh. Investment, both foreign and local, is given the highest priority by her government. When the COVID-19 pandemic struck us, she foresightedly unveiled significant stimulus package worth over BDT 1 trillion, which is about 3.6% of the GDP. Under her strong leadership, Bangladesh is poised to diversify its economy and emerge as a developed country by 2041.

As the country's apex investment promotion agency, BIDA employs an open-door policy for investors from all corners of the globe. It is the first stop for potential investors who arrive in our country with their valuable proposals. BIDA facilitates the starting of business, the operation of established businesses, after care of the investments and advocates for the right investment policies. During the period of the pandemic, BIDA proactively reached out to businesses and drove the implementation of policy recommendations that provided ease to investors. Using its online One Stop Service portal, BIDA processed over a thousand investor applications and ensured round-the-clock delivery of services.

I believe, with the help of this publication, BIDA's key effort to promote Bangladesh as the ideal investment destination will be further strengthened. I would like to congratulate BIDA not just for bringing out this publication but also for its sincere endeavors in improving Bangladesh's investment prospects.

Joi Bangla, Joi Bangabandhu. May Bangladesh Live Forever.

**Salman Fazlur Rahman MP**



EXECUTIVE CHAIRMAN  
BANGLADESH INVESTMENT  
DEVELOPMENT AUTHORITY (BIDA)  
Prime Minister's Office

## Message

Bangladesh Investment Development Authority (BIDA) is the apex Investment Promotion Agency (IPA) of the country. It deals with the private-sector investment of home and abroad. By attracting investment and creating investment-friendly environment, it is mandated to serve as a world class IPA fostering growth and development of the country.

Bridging between the public and private sectors, BIDA is working to simplify the processes and procedures related to investment. We assist investors through proactive policy supports and facilitating business environment which are the preconditions for successful investment.

In the global arena of investment, information is crucial for decision making. It is imperative for the investors to have prior understanding on the incentives and procedures for investment in Bangladesh. A compilation of such information is of paramount importance to the potential investors which are logically described in this publication of BIDA.

Bangladesh Investment Handbook – A Guide for the Investors delivers up-to-date information on business climate, processes required to start and operate a business, necessary costs, tax/policy regimes, incentives and comparative advantages, visa rules and above all, the potential of businesses in the country. It is expected to ameliorate investment scenario of the country that would, in turn, flourish our economy and implement national development goals and visions including SDG.

I hope this endeavour would be beneficial to investors and all our key stakeholders.

**Md. Sirazul Islam**





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# Bangladesh facts



Official Name	:	The People's Republic of Bangladesh
Area	:	147,570 square kilometers
Territorial Sea	:	118,813 Sq. km
Capital city	:	Dhaka
Nationality	:	Bangladeshi
State Language	:	Bangla; English is widely spoken
Standard time	:	GMT + 6 hours
Currency	:	Taka (Tk, BDT)
Boundary	:	North : India
		West : India
		South : Bay of Bengal
		East : India and Myanmar

Bangladesh is bordered on the west, north and east by the Indian states of West Bengal, Assam, Meghalaya and Tripura. Myanmar forms the southern part of the eastern frontier.

On the southwest, Bangladesh is fringed by the world's largest mangrove forest known as The Sundarbans, the home of the Royal Bengal Tiger and a world heritage site.

Located on the world's largest delta, the Ganges Delta, Bangladesh has 310 rivers that flow south to the Bay of Bengal, making it one of the world's most fertile regions.

## Overview of economic indicators

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Per capita GDP at current price	78009	86266	96004	108378	122152	137518	153197*
GDP growth (%)	6.01	6.06	6.55	7.11	7.28	7.86	8.19
Consumption (billion BDT)	9347.3	10468.6	11799.3	13000.3	14753.6	17365.9	19293.8*
Forex reserve (million USD)	15315	21508	25020	30176	33493	32943	32716
Inflation (%)	6.78	7.35	6.41	5.92	5.44	5.78	5.44
Population (million)	153.7	155.8	157.9	159.9	161.75	163.65	165.55
FDI net (million USD)	1731	1480	1834	2004	2455	2580	3889
FDI (% of GDP)	1.15	0.86	0.94	0.9	0.98	0.94	1.29

\*provisional data by the Bureau of Statistics (BBS)



Dhaka's Hatirjheel area at night.

## Demographics

Population	: 165.5 million <sup>1</sup>	Growth rate	: 1.37 per annum <sup>3</sup>
Male & Female <sup>2</sup>	: 82.4 million, 81.2 million	Population density	: 1103 per sq. km

### Percentage of the population living in<sup>4</sup> :

Urban areas	: 22.1	Rural areas	: 77.9
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### Divisions

Barishal	: 5.7	Mymensingh	: 7.4
Chattogram	: 17.5	Rajshahi	: 14.3
Dhaka	: 25.3	Rangpur	: 11.8
Khulna	: 11.9	Sylhet	: 6.0

Labour Force Survey, 2016-17

The total employed population (15+): 63.5 million	
Male	: 43.5 million
Female	: 20.0 million
Age group 15 to 64 accounts for more than 60% of the population	

<sup>1</sup>Provisional BBS data revised on Jan 1, 2019.

<sup>2</sup>Bangladesh Sample Vital Statistics 2018

<sup>3</sup>Bangladesh Statistical Yearbook 2019

<sup>4</sup>Multiple Indicator Cluster Survey 2019

Bangladesh is divided into 8 administrative units known as Bibhag or Divisions: Barishal, Chattogram, Dhaka, Khulna, Mymensingh, Rajshahi, Sylhet and Rangpur. Each division is named after its major city, which also serves as an administrative seat. Sixty-four districts make up the Divisions, which are further subdivided into 492 Upazila or sub-districts.

Each division is placed under a Divisional Commissioner, while each district is headed by a Deputy Commissioner (DC). Each Zila is further divided into a number of Upazilas or sub-district headed by Upazila Nirbahi Officer (UNO).

Administrative Unit	No.
Division	8
District	64
City Corporation	11
Upazila/sub-district	492
Police Station	644
Union	4,571

Source: Bangladesh Bureau of Statistics

## Government

Bangladesh is governed by a unitary parliamentary form of government. The President is the head of the State while the Prime Minister is the head of the Government. The Prime Minister is assisted by a Cabinet of ministers in discharging his/her duties.

## Legislature

Jatiya Sangsad is the parliament house of Bangladesh in which legislative power of the Republic is vested. It consists of 300 members directly elected by the adult franchise. The Members of the House elect another 50 female members in reserved seats. Thus, the total number of members of the House is 350.



Jatiya Sangsad is the parliament house of Bangladesh

## Judiciary

The Supreme Court of Bangladesh, headed by the Chief Justice, is the highest judicial organ and comprises of the Appellate Division and the High Court Division.

The Supreme Court serves as the guardian of the Constitution and enforces the fundamental rights of the citizens. The Appellate Division hears and determines appeals from judgments, decrees, orders or sentences of the High Court Division.

At the district level, the district court is headed by a District Judge who is assisted by Additional District Judge, Joint District judges, Senior Assistant Judges and Judicial Magistrates.

## Local Government

The tiers of Local Government are (i) Union Parishad, (ii) Upazila Parishad, and (iii) Zila Parishad. In the urban areas, there are two types of Local Government System – (i) Pourashava (Municipality) and (ii) City Corporation. The Local Government bodies are constituted by the representatives directly elected by the people.





## Climate and the seasons

**Climate:** Subtropical Monsoon

The Bangla calendar year is traditionally divided into six seasons: Grishmo (summer), Borsha (rainy), Shorot (autumn), Hemanta (late autumn), Sheeth (winter) and Bosonto (spring).

### Summer

*mid-April to mid-June*

The Bengali year begins with summer, with Pahela Baishakh being the Bangla New Year. Summer in Bangladesh is also characterised by storms popularly known as Kalbaishakhi or nor'wester. April is the hottest month when the mean temperature ranges from 27°C in the east and south to 31°C in the west-central part of the country. After April, increasing cloud-cover dampens temperature.

### Rainy season

*mid-June to mid-August*

The southwest monsoon winds bring plenty of rainfall -- around 70 to 85 percent of the annual total. The season is important for farmers and fishing communities. The inundated floodplains become a large habitat for a wide variety of aquatic flora and fauna.

### Autumn

*mid-August to mid-October*

The bright day is often punctuated by sudden showers. At the beginning of this season, the days can be hot and sultry, but the nights and mornings are cool. The gradual decrease of humidity also makes the weather comfortable.

### Late autumn

*mid-October to mid-December*

It is a transitional phase between autumn and winter. By mid-November the evenings grow cool. The contrast between the daytime and night time temperatures results in heavy dew. In this season farmers are busy harvesting paddy and celebrating the new crop.

### Winter

*mid-December to mid-February*

November through February is practically the winter season in Bangladesh. Northern Bangladesh is cooler than southern Bangladesh. Average temperatures in January vary from about 11°C in the northwestern and northeastern parts of the country to 20°C to 21°C in the coastal areas. The winter season is very dry, which accounts for less than 4 percent of the total annual rainfall.

### Spring

*mid-February to mid-April*

The spring season is very brief in Bangladesh and practically prevails during March only. Weather is pleasant, with 20 to 25 percent cloud-cover, comfortable temperature and moderate relative humidity. Average temperature in March varies from 22°C to 25°C all over the country.

Source: Banglapedia

## ► Chapter 1

# Business Climate & Opportunities

## Why **invest** in Bangladesh?

Bangladesh is one of the fastest growing economies in the world. There is political stability under a democratic system. Inflation is steady because of good monetary and fiscal management. Bangladesh has never defaulted, not even for a dollar.

Building a knowledge-based economy is a key priority. In addition to that, the country is highly focused on investment. Bangladesh sees the creation of an open, predictable and competitive climate for private investment as an obvious step towards achieving its development goals.

A business operates within an environment decided by the economic, political, technological, social and legal conditions that exist in a country. So Bangladesh has been working to create a modern business climate through reforms in all spheres, diagnosing and correcting every procedure that has an impact on business.



# One of the world's fastest-growing economies

**Bangladesh, growing rapidly for more than a decade, is called the next Asian Tiger. GDP growth is steadily on the rise and crossed 8 percent in FY 2018-19. Inflation is reined in amid long-term stability. Double-digit growth is well within reach as Bangladesh aspires to become a developed nation by 2041.**

Fastest growing economy in the Asia-Pacific region

Source: Asian Development Outlook 2019, ADB

Bangladesh among world's five fastest-growing economies

Source: Bangladesh Development Update 2019: Towards Regulatory Predictability, WB

Bangladesh among the Next 11

Source: Goldman Sachs

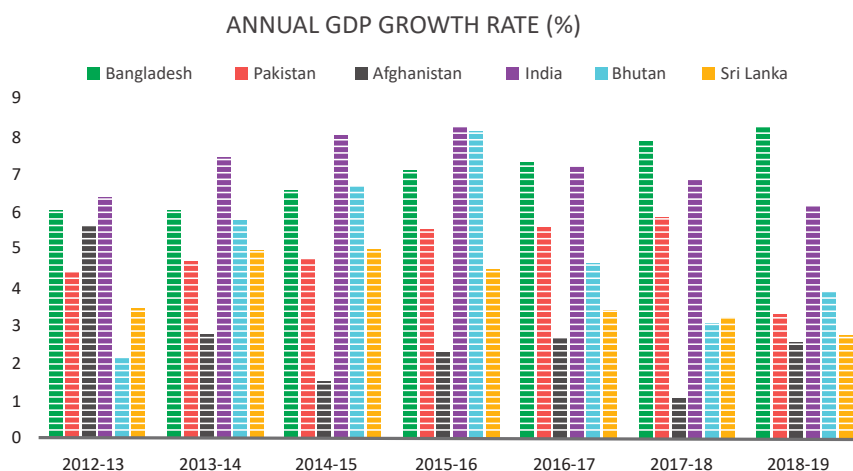
FDI in Bangladesh jumps 68 percent in 2018

Source: World Investment Report 2019, UNCTAD

Govt expected to transform Bangladesh into upper-middle-income economy by 2021

Source: Economist Intelligence Unit, 2019

Bangladesh has achieved a remarkable GDP growth rate of 8.19 percent in the 2018-19 fiscal, one of the highest in South Asia. GDP growth is forecast to continue above 7 percent due to growth in public spending in infrastructure and private investment supported by business climate reforms, according to the World Bank<sup>1</sup>. It is poised to increase by 7% on an average till 2033, according to the Centre for Economics and Business Research (CEBR)<sup>2</sup>.



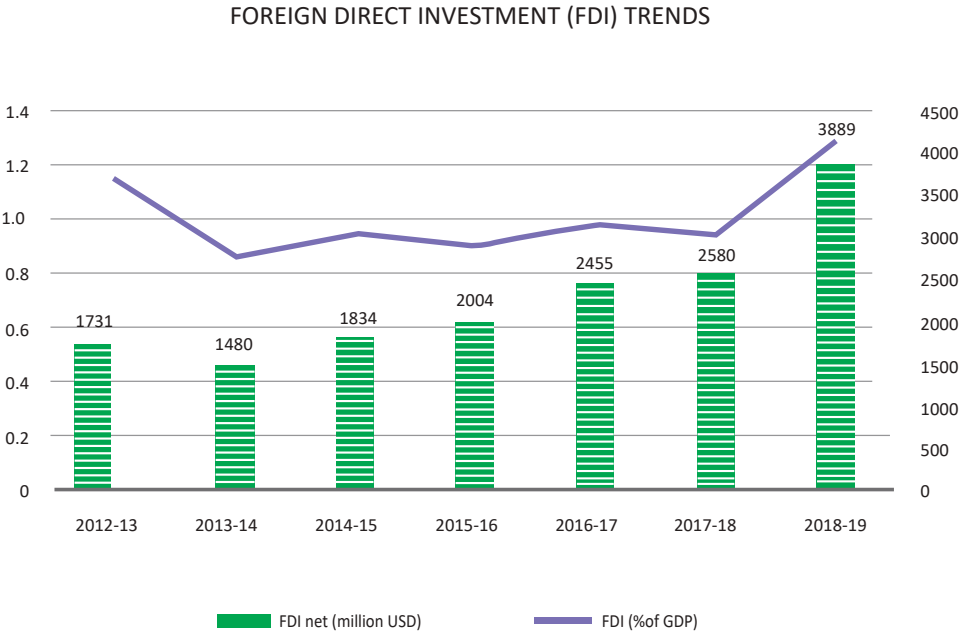
Source: Bangladesh Economic Review 2019 & World Bank data

<sup>1</sup> Bangladesh Development Update: Tertiary Education and Job Skills 2019

<sup>2</sup> World Economic League Table 2020

FDI is expected to rise further, supported by regulatory reforms, infrastructure development and stable political conditions, which have resulted from increased government investment in various initiatives.

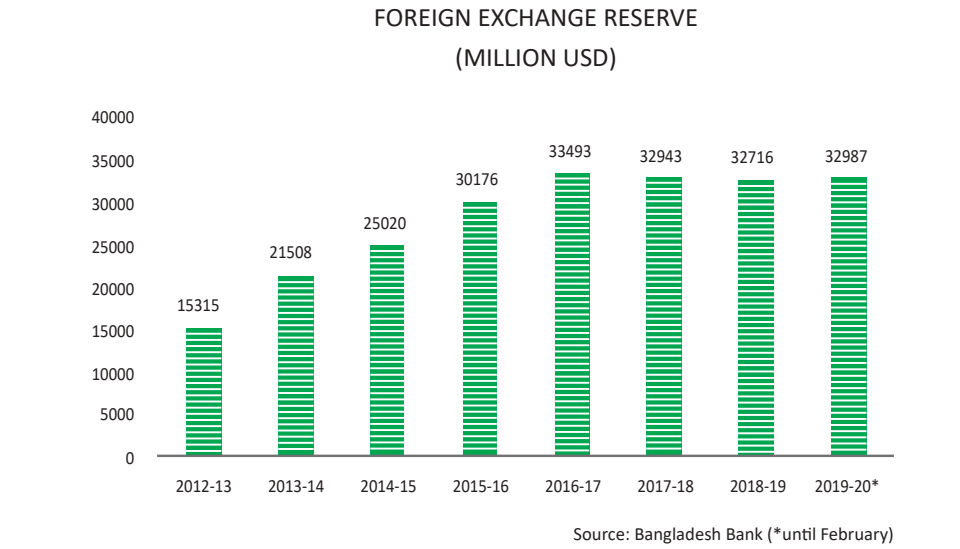
In 2018-19, FDI rose by 67.94% as re-investment rose, equity investment doubled and inter-company loans quadrupled, showing a peak in investor confidence. Inflation remained within the 5.5 percent target set for the fiscal.



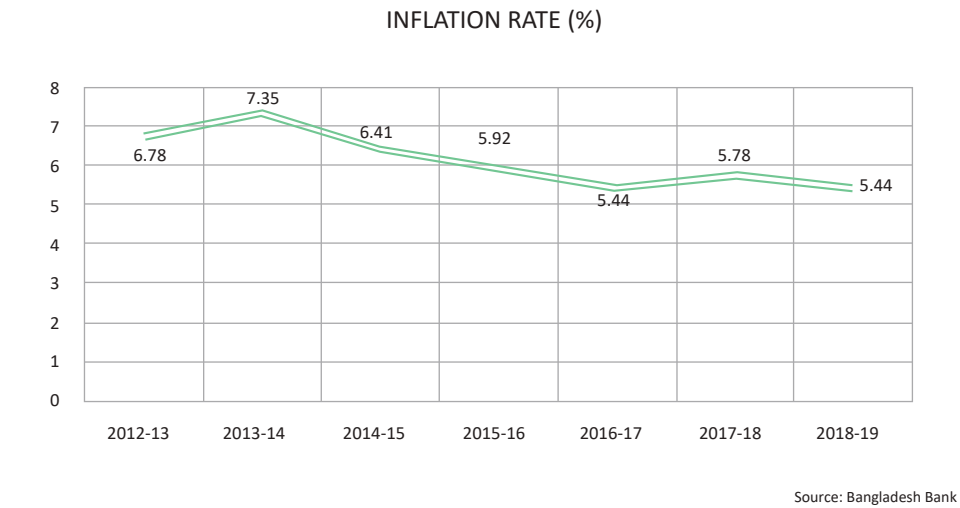
Source: Bangladesh Bank

Remittance also continues to be on the rise, growing by 9.8 percent to reach a record USD 16.4 billion in the 2018-19 fiscal, while private consumption grew by 5.4 percent. Increased domestic consumption provides a certain insulation from global downturns, according to experts.

Exports are expected to continue rising due to the strength of the RMG sector, the world’s second largest only after China, and a number of emerging sectors like Agriculture and Pharmaceuticals, which led non-RMG exports in 2018-19.



Sovereign ratings for Bangladesh has been steady and positive, according to both Moody’s and S&P, who have labelled the country as a mobile economy rising to the next level with performance much stronger than sovereigns at similar income levels. Goldman Sachs lists Bangladesh among its "Next 11" countries for its potential in becoming a major economy.



Consistent and inclusive growth over a decade has put Bangladesh on a path to prosperity. Bangladesh has been focused on achieving double-digit growth to emerge as a developed country by 2041. Already established as a lower-middle income country, Bangladesh is ready to emerge as a middle income country by 2024.

# Strong domestic market

A country of over 165.55 million people, Bangladesh emerged as a developing country after raising tens of millions to middle class and affluent status. Bangladesh is one of the world’s most densely populated countries, so distribution cost here is among the lowest because markets are simply easier to access.

Resilient domestic demand behind growth in manufacturing and construction industries  
Source: Bangladesh Development Update 2019: Towards Regulatory Predictability, World Bank

Private consumption to drive real GDP growth of 7.7% until 2022-23 fiscal  
Source: Economist Intelligence Unit, 2019

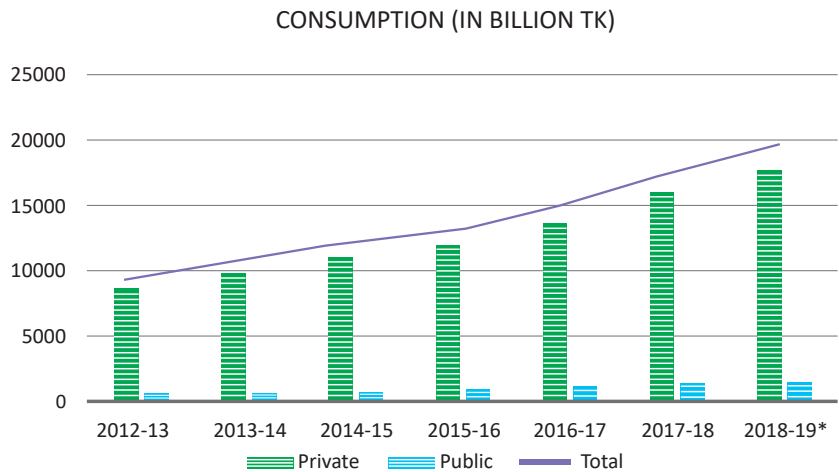
70 percent firms want 'expansion' in Bangladesh, the highest figure in Asia and Oceania  
Source: 2019 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania

Bangladesh’s consumer class is experiencing a dynamic change. The current trend and future estimates suggest that consumption demand will be a strong driver of growth.

The number of middle-class and affluent Bangladeshis is growing by an average 10.5 percent annually, which is faster than Indonesia, Myanmar and Thailand<sup>3</sup>.

Consumer wealth is also dispersing outside major cities. As the growth trend continues, the number of middle-class and affluent consumers is expected to nearly triple to about 34 million by 2025, with at least 100,000 in 63 cities, according to the Boston Consulting Group.

Bangladeshi consumers are also among the most optimistic in the world, according to the group’s survey. Around 60 percent of the total consumers expect to earn more. The sentiment is strongest among the middle-class and affluent Bangladeshis. Since the population is among the densest in the world, consumers here live in close proximity. Over 165.55 million people inhabit a land mass roughly one-quarter the size of Thailand.



Source: Bangladesh Economic Review 2019, \*provisional BBS data

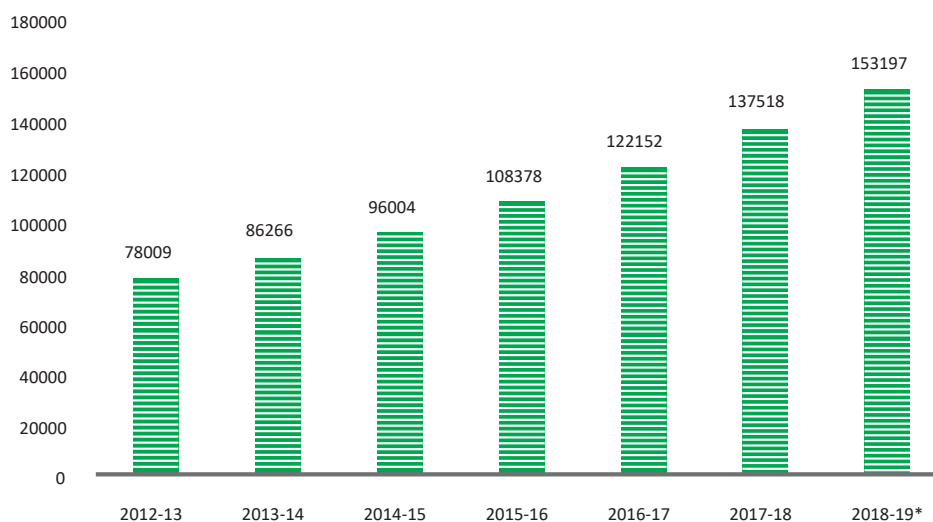
<sup>3</sup> Bangladesh: The Surging Consumer Market Nobody Saw Coming, Boston Consulting Group 2015

Bangladesh has witnessed a boom in ICT due to strong national policies and low costs. Consumers as a result are very reliant on technology. Over 99.984 million are connected to the internet, with 94.236 million using the mobile internet, as of February 2020<sup>4</sup>. The number of mobile phone subscribers was 166.114 million. Bangladesh is the fifth largest mobile market in Asia Pacific region and the ninth largest in the world<sup>5</sup>.

There are around 34 million active social media users, growing annually by 13 percent<sup>6</sup>. The government plans to roll out the fifth-generation cellular network technology by 2021, ensuring faster and more reliable internet coverage across the country.

A key component of the government's digital inclusion strategy is to promote the uptake of mobile money and other digital payment platforms. Mobile money transfers were the most popular digital use case in Bangladesh and uptake of mobile money transfers was three times greater than bank transfers<sup>7</sup>.

#### PER CAPITA GDP (BDT) AT CURRENT PRICE



Source: Bangladesh Economic Review 2019, \*provisional BBS data

Over the last decade, the final consumption expenditure has been growing positively<sup>8</sup>, accounting for private consumption and general government consumption. GDP per capita and consumption expenditure both show upward trends, which resultantly reflects higher living standard for Bangladeshis<sup>9</sup>.

<sup>4</sup> Bangladesh Telecommunication Regulatory Commission

<sup>5</sup> GSMA Intelligence

<sup>6</sup> Digital 2019 by We are social & Hootsuite

<sup>7</sup> Minister of State for Information and Communication Technology, Ministry of Post, Telecommunications and Information Technology, Bangladesh

<sup>8</sup> The World Bank

<sup>9</sup> Destination Bangladesh, PricewaterhouseCoopers



# Nation of Competitive Youths

**Bangladesh has a demographic dividend with over 60 percent of the population within the working age. Each year, 2.3 million young, tech savvy and adaptive youths join an ever-growing workforce.**

Bangladesh literacy rate reaches all-time high of 72.76%

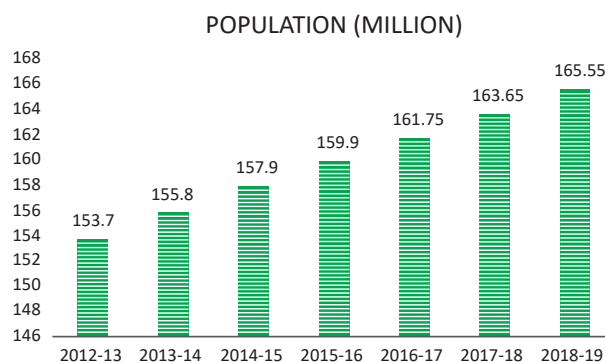
Source: UNESCO Institute for Statistics

Remarkable rise in female literacy over the period 2005–2017

Source: Bangladesh Bureau of Statistics

Young Bangladeshis are fuelling a sharp rise in the working age population, providing a strong base for rising consumption in the coming decades. Over 60 percent of the population is between the ages of 15 and 64. The median age of the population is 27. In 2025, median age will increase to 29.5. In 2030, it will be 31.6, according to United Nations forecast<sup>10</sup>.

Much of the Bangladeshi population is university educated. The country's pool of resources comprising of a young working force, who are highly adaptive to technology, has made Bangladesh an emerging hub for outsourcing services. The current number of IT freelancers is around 600,000, the second highest in the world after India<sup>11</sup>. The government is focusing resources and amending regulations for creation of additional 50,000 jobs by 2021<sup>12</sup>. Bangladesh exports nearly \$1 billion of technology products every year – a figure that the government expects to increase to \$5 billion by 2021.



Source: Bangladesh Economic Review 2019

Bangladesh has made great strides towards making men and women equal in many areas, particularly in health and education. Women are an integral part of the Bangladeshi workplace and the government is continually implementing initiatives for increased female participation in the labour force, which is currently at 35.6 percent<sup>13</sup>.

<sup>10</sup> World Population Ageing - the United Nations

<sup>11</sup> Oxford Internet Institute

<sup>12</sup> <https://bposummit.org.bd/summit-objectives/>

<sup>13</sup> Labor Force Survey – 2016

# Competitive Cost of Labour

**The Bangladesh wage is less than half compared to India, and less than one-third of the cost in China or Indonesia.**

Low cost and high return manufacturing destination in Asia

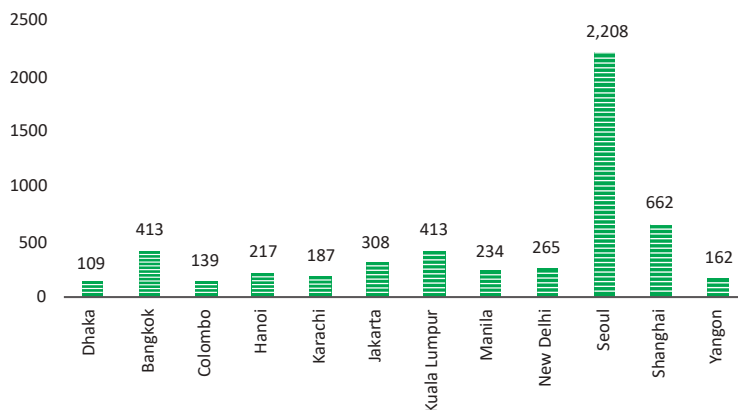
Source: Japan External Trade Organization (JETRO)

Bangladesh among top three countries in operating profit forecasts

Source: 2018 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania

Bangladesh offers another advantage through flexible cost of labour, as its competitors are becoming expensive places in which to do business. With its labour-intensive manufactured exports growing at double-digit rates per year, Bangladesh can become the “next China”<sup>14</sup>. Besides the apparel industry, the high availability of low cost workforce is propelling speedy growth in exports of footwear, pharmaceuticals and IT services.

MONTHLY WORKER SALARY/USD



Source: JETRO survey 2019

The minimum monthly wage for workers in the apparel manufacturing sector in Bangladesh is 75% and 60% less than the minimum wages in China and India respectively. This provides a substantial manufacturing cost advantage as compared to the regional aforementioned peers. In Bangladesh, the raw gender wage gap has also decreased dramatically, making it the country with the smallest gender wage gap in the region<sup>15</sup>.

The Bangladesh government is investing in human development and improvement in service delivery. The aim is to enhance quality of labour and ensure technology adoption in manufacturing and formal services. Improvement of education and training as part of long term effort have been crucial in upgrading the skills of the people making up the informal labour force.

<sup>14</sup> Bangladesh: The Next China? – World Bank Blogs

<sup>15</sup> Voices to Choices: Bangladesh's Journey in Women's Economic Empowerment – The World Bank 2019

## Ready with Infrastructure

**Bangladesh is lifting itself up with solid structures, completing one mega project after another to improve business connectivity through land, water and air. A boom is being witnessed in power generation capacity and by 2041, Bangladesh looks to generate 60,000MW electricity.**

Power capacity up at 20,000MW in 2018 from 4,942MW in 2009

Source: Ministry of Power, Energy and Mineral Resources

Infrastructure investment of GDP ratio to increase from 3.61% to 5.0%

Source: Government of Bangladesh

26.3% of 20.6 billion govt allocation for development set aside for transport infrastructure

Source: Asian Infrastructure Finance 2019

By 2040, half of Bangladesh's population will be living in urban areas

Source: UN Population Division, World Urbanization Prospects: The 2018 Revision

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The approach to infrastructure in Bangladesh has been groundbreaking. The government's timely investment in building mega infrastructure for uninterrupted power supply to seamless networks of roads and bridges have raised productivity to an unprecedented level.

The Padma Bridge, Metro-rail and other mega-projects including deep sea ports and power stations are part of the government's fast-track initiatives<sup>16</sup>. At the same time, the national policy 'Digital Bangladesh' is guiding efforts to increase digital literacy, ensure e-governance and encourage e-commerce. In 2018, Bangladesh launched its first satellite - 'Bangabondhu Sattelite-1' – into space.

In 2009, power generation capacity was just 4,942MW. In March of 2019, Bangladesh was generating 22,787MW including captive and renewable energy and covering 96 percent of the population. Bangladesh's Power System Master Plan (PSMP) expects to increase power generation capacity to 24,000 MW by 2021, 40,000 MW by 2030 and 60,000 MW by 2041.

Natural gas met almost 71 percent of the country's total commercial use of energy. Bangladesh has about 13.27 lakh metric tonnes reserve fuel oil.

The quality of different important road segments have been significantly improved through development works. At present there is 500 km of 4-lane national highways, 20.60 kilometres of 6-lane highways and 17.50 kilometres of 8-lane highways as efforts continue to further expand and improve the quality of these vital roads. By 2020, Bangladesh intends to upgrade nearly 80% of its rural infrastructure by constructing 1,700 kilometres of durable rural roads in 34 districts<sup>17</sup>.

In March 2020, Bangladesh's first ever elevated expressway on Jatrabari-Mawa-Bhanga route was opened to traffic. The 55-km expressway reduces time and enhances quality of travel for people headed to 22 southwestern districts.

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<sup>16</sup> Read the full list in 'Focus Infrastructure' later in this chapter.

<sup>17</sup> Destination Bangladesh – PricewaterhouseCoopers

Categories	Number	Total length
National Highways	99	3,906 km
Regional Highways	139	4766 km
Zilla Highways	701	13423 km
<b>Total</b>	<b>939</b>	<b>22,096 km</b>

Source: Roads and Highways Department, 2018-19 Annual Report

Bangladesh Railway has around 2,955.53 kilometer of network which connects 44 districts and nearly all vital destinations. The government has been building new railway tracks and renovating old ones while adding new locomotives, wagons and coaches.

Bangladesh is also focused on hassle free travel and cargo transport through its three international airports. A third terminal is being constructed at Dhaka's Hazrat Shahjalal International Airport, which will increase annual handling capacity from the current eight million to 20 million passengers. The airport's cargo capacity will be up from 200,000 tonnes to 500,000 tonnes. The new terminal is set to be completed by 2023.

The government is setting up a fourth international airport by developing the features of the Cox's Bazar Airport. The international airports in Chattogram and Sylhet are also being developed to enhance runway and cargo handling capacity. Bangladesh also has seven domestic airports and 2 Short Take-Off and Landing (STOL) ports.

Sea ports in FY 2018-19	No. of ships	Cargo (MT)			Turnaround time (days)	Total containers (TeU)
		Import	Export	Total		
Chattogram	3699	82939731	6846406	89786137	2.86	2808499
Mongla	2563*	11179878	135131	11315009	4.44	57732

Source: CPA and Mongla Port authorities; \*including IND-BD protocol vessels and others.

As Bangladesh's principal sea port, Chattogram Port handles nearly 92 percent of international trade of the country. Chattogram Port's container handling growth at present is 14 percent and it has significantly reduced turn-around time. The port is constructing a multi-purpose terminal and two container terminals as part of the Bay Terminal project<sup>18</sup> worth 2 billion USD, which would result in lower cost and time for shipment. The Mongla Port is also gearing up for more activities with a planned special economic zone on its premises, while the country's third sea port Payra has become operational.

<sup>18</sup> Project Profile by PPPA (as of 9 February, 2020)

The construction of Bangladesh’s first deep sea port at Matarbari in Chattogram’s Cox’s Bazar district will radically transform the export and import scenario. The project worth BDT 177.77 billion includes two separate terminals and a 350 meter-long navigation channel with 16-meter draught, which will allow 8,000 TEU container ships to anchor.

To ease travel between the capital and the port city, the Dhaka-Chattogram Highway has been renovated into four lanes. A new expressway between Dhaka and Chattogram is being designed to boost trade and ease congestion<sup>19</sup>. Additionally, Inland Container Terminals (ICT) are also being constructed as an additional route for cargo delivery through inland waterways.

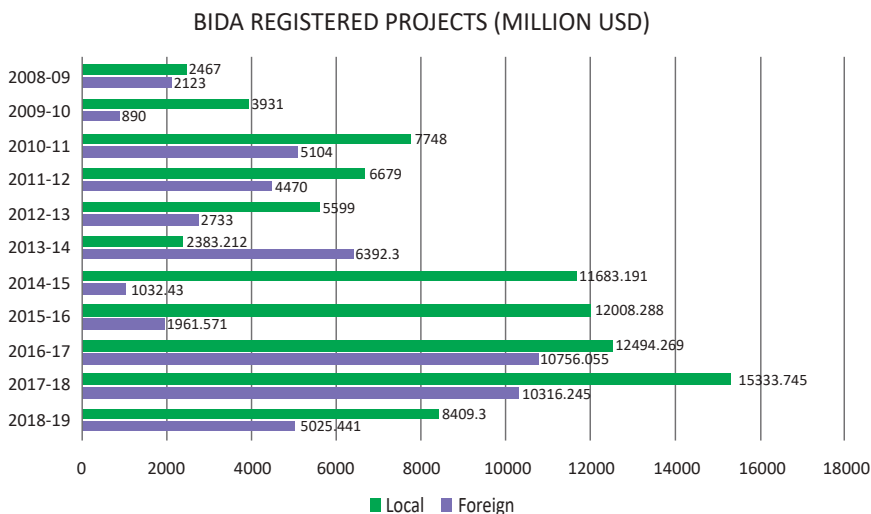
## Focus on Investment

**Bangladesh has the most liberal investment regime in all of South Asia, characterised by a growing number of facilities, attractive incentive policies and consistent reforms for a better business climate.**

Bangladesh is intensely focused on promoting private investment because of its potential to drive diversification and the transition towards a future based in knowledge and technology. Private investment in Bangladesh has grown substantially owing to improvements in the economic and social environment.

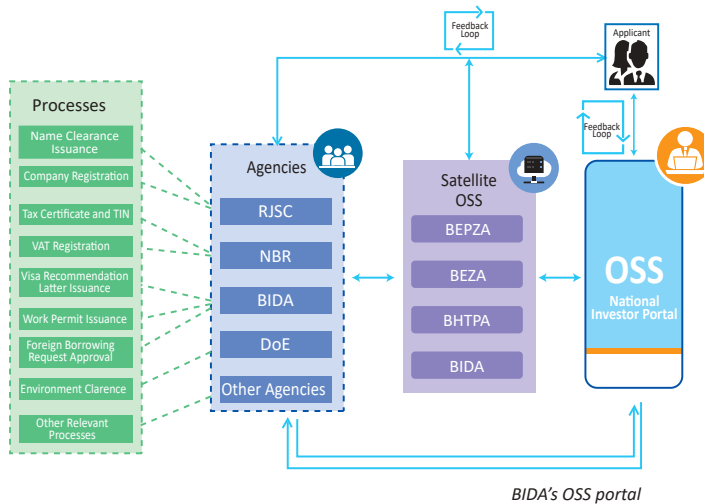
Investment development is one of the 10 Special Initiatives of Bangladesh’s Honourable Prime Minister, whose office directly supervises the activities of the investment promotion agencies, which have been vested with specialised mandates.

Bangladesh Investment Development Authority (BIDA) is the country’s apex investment promotion agency under the Prime Minister’s Office, in charge of investment promotion, facilitation and policy advocacy. BIDA also works to facilitate the utilisation of unused lands owned by state-owned enterprises in more beneficial economic purposes.



<sup>19</sup> <https://www.adb.org/projects/45174-001/main>

The government's lead agency for initiating reforms for improving Bangladesh's ranking on Ease of Doing Business index, BIDA is working with 37 government bodies for the implementation of 84 reform initiatives. As part of the ongoing effort to reduce time and cost for investors, BIDA has launched the online One Stop Service (OSS) portal in 2019, which is the country's first inter-operable platform. Licenses, permits, registrations and approvals are obtained through the OSS, which would eventually provide 154 services from 35 agencies.



The other investment promotion agencies are Bangladesh Economic Zones Authority (BEZA), Bangladesh Export Processing Zones Authority (BEPZA), Public Private Partnership Authority (PPPA) and Bangladesh Hi-tech Park Authority (BHTPA).

BEPZA has been playing a significant role in investment promotion through new industrialisation. At present, there are 8 export processing zones in Bangladesh. As of December 2019, there were 475 operational enterprises<sup>20</sup> in the EPZ, with investment worth 5.09 billion USD and the export from the eight EPZs had reached 7.52 billion USD.

BEZA is working to achieve the target of establishing 100 special economic zones, USD 40 billion worth of production or export and through that the employment of 10 million people by 2030. The government has already approved 88 economic zones where 61 are public economic zones and 27 are private economic zones. BEZA is also working to develop country-specific economic zones, private economic zones, PPP economic zones and tourism parks.

Public Private Partnership Authority is a key initiative bridging the gap between investment needs and available government resources. For implementation through the PPP, 56 projects worth USD 23.8 billion in 13 sectors have so far been approved.

BHTPA promotes IT/ITES-based industry, creation of tech-based employment. The authority is working to implement 6 projects that will lead to the establishment of 28 hi-tech park or software technology parks across the country.

<sup>20</sup> BEPZA bulletin October-December 2019

# General Incentives

Incentives are subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs). Companies located in EZs/EPZs are entitled<sup>21</sup> for different sets of incentives. The following have been updated as per Finance Act 2020.

## Tax exemption

- A business in Bangladesh can enjoy tax exemption on a varied rate and reduced taxation for various periods depending on the location of the operation.

**Five-year tax exemption** is offered to businesses located in Dhaka Division and Chattogram Division, but excluding the districts of Dhaka, Narayanganj, Gazipur, Chattogram, Rangamati, Bandarban and Khagrachari districts.

**Ten-year tax exemption** is offered to businesses located in Rajshahi Division, Khulna Division, Sylhet Division and Barishal Division, but excluding areas under the city corporations. Businesses that set up in the districts of Rangamati, Bandarban and Khagrachari also enjoy this tax exemption period.

- For certain projects under Public Private Partnership (PPP), 100 percent tax exemption on income and capital gain and 100 percent tax exemption is offered for 10 years.
- For services involving software development, nationwide telecommunication transmission network and Information technology, 100 percent tax exemption is offered.
- Fifty percent of income derived from export is exempted from tax.
- Tax exemption for interest paid on foreign loan.

### These 'industrial undertakings' are eligible for tax exemption under Income Tax Ordinance 1984, section 46BB:

- |  |   |
|--|---|
| • Active pharmaceuticals ingredient and radio pharmaceuticals                      | • Barrier contraceptive and rubber latex  |
| • Agriculture machineries  | • Basic components of electronics (e.g. resistor, capacitor, transistor, integrated circuit, multilayer PCB etc.) |
| • Aircraft heavy maintenance services including parts manufacturing                | • Bi-cycle including parts thereof  |
| • Artificial fiber/manmade fiber manufacturing                                     | • Bio-fertilizer  |
| • Automatic bricks   | • Biotechnology-based agro products   |
| • Automobile   | • Boiler including parts and equipment thereof  |
| • Automobile parts & components manufacturing                                      | • Compressor including parts thereof  |
| • Automation and robotic design manufacturing including parts & components thereof | • Computer hardware   |
|  | • Electrical Transformer  |
|  | • Furniture   |

<sup>21</sup> Check Annexures for BEZA, BEPZA incentives. Visit BHTPA website for extensive incentives offered in Bangladeshi hi-tech parks

- Home appliances (blender, rice cooker, microwave oven, electric oven, washing machine, induction cooker, water filter etc.)
- Insecticides or pesticides
- Leather and leather goods
- LED TV
- Locally produced fruits and vegetables processing
- Mobile phone
- Nanotechnology based product manufacturing
- Petro-chemicals
- Pharmaceuticals
- Plastic recycling
- Textile machinery
- Tissue grafting
- Toy manufacturing
- Tyre manufacturing

To enjoy tax exemption or benefits, i) register investments with BIDA, ii) submit an application to National Board of Revenue (NBR), and iii) receive a certificate from NBR within 45 days of the application.

#### List of physical infrastructure facilities eligible for Tax exemption under Section 46CC of Income Tax Ordinance (10 years):

(i) deep sea port; (ii) elevated expressway; (iii) export processing zone; (iv) flyover; (v) gas pipe line; (vi) Hi-tech park; (vii) Information and Communication Technology [ICT] village or software technology zone; (viii) Information Technology [IT] park; (ix) large water treatment plant and supply through pipe line; (x) Liquefied Natural Gas [LNG] terminal and transmission line; (xi) mobile phone tower or tower sharing infrastructure; (xii) mono-rail; (xiii) rapid transit; (xiv) renewable energy [e.g solar energy plant, windmill]; (xv) sea or river port; (xvi) toll road or bridge; (xvii) underground rail; (xviii) waste treatment plant.

#### Incentives for export oriented industry

- 50% of Income derived from export is exempted from tax
- No export duty except on tobacco products
- Bonded warehousing facilities for export goods manufacturing
- Duty drawback facilities
- Export subsidy and cash incentives for specific product exports

#### Accelerated depreciation

- The accelerated depreciation method for accounting income taxes can be availed for machinery and plants used by an entity that does not enjoy tax exemption.

#### Exemption on import duties

- Capital machineries are subject to reduced rate from customs duties.
- Raw materials to be used for producing export goods are exempt from import duties.
- Approval from the Chief Controller of Import & Export is required for import duty exemption. (Exemptions are provided as per revenue laws and SRO issued under those laws. Bonded warehouse facilities or duty drawback facilities may be availed.)



### Tariff Refund

- Tariff (if paid) refund on import of raw materials for export

### Double Taxation Prevention

- Bangladesh has Double Taxation Treaties or DTTs with 34 countries.

### Bonded warehousing facilities

- For export oriented industries
- For large import for local selling in certain items

### Ownership

- 100% foreign ownership is allowed

### Repatriation of invested capital, dividend

- Full repatriation is allowed for capital invested from foreign sources. Similarly, profits and dividend accruing to foreign investment can be transferred in full. Facilities are provided for repatriation of invested capital, profits and dividends.

Also, when foreign investors reinvest their dividends or retained earnings, those are treated as new investments.

### Other incentives

- There are no restrictions on issuing of work permits for foreign nationals and employees related to projects;
- Provision of transfer of shares held by foreign shareholders to local investors;
- Royalty, technical know-how and technical assistance fees can be remitted;
- The Foreign Private Investment (Promotion & Protection) Act 1980 protects foreign investment from nationalisation and expropriation;
- Equal treatment of both local and foreign investment;
- Bilateral and multilateral investment agreements ensure protection of investment. See full list of contracting parties and multilateral agreements later in this chapter.
- 100% FDI, Joint Ventures, Partnerships, PPPs, Non-equity mode (technology transfer, licensing franchising, contracting etc.) and foreign lending are allowed;
- 100% FDI or Joint Venture FDIs are allowed to participate in the primary and secondary stock markets;
- Foreign Investors are allowed to have access to local banks for working capital requirements;
- Intellectual Property Right is protected by law.

*Read more on Chapter 4: Paying taxes*

# Sector-specific incentives

Explore the special incentives Bangladesh offers, in addition to general incentives, to each flourishing sector that serves to diversify its economy.

Agro Products & Jute Products	
Fiscal incentives	
<ul style="list-style-type: none"> <li>Industries engaged in the processing of locally produced fruits and vegetables, bio-technology based agro products, bio fertiliser, tissue grafting, agricultural machineries are entitled to reduced-tax benefits up to 5 to 10 years.</li> </ul>	
<ul style="list-style-type: none"> <li>50% of income derived from the production of corn/maize or sugar beet is exempted from tax.</li> </ul>	
<ul style="list-style-type: none"> <li>Maximum 10 percent tax rate for income generated from poultry and hatchery works.</li> </ul>	
<ul style="list-style-type: none"> <li>Maximum 15 percent tax rate for income generated from production of poultry and fish feeds, cattle farming, seed production, frog farming, bee farming, sericulture, mushroom production and floriculture.</li> </ul>	
<ul style="list-style-type: none"> <li>Reduced tax on income of industrial undertaking engaged in rice bran oil production up to 10 years</li> </ul>	
<ul style="list-style-type: none"> <li>50% of income derived from export is exempted from tax</li> </ul>	
<ul style="list-style-type: none"> <li>Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation;</li> </ul>	
<ul style="list-style-type: none"> <li>Avoidance of double taxation for foreign investors on the basis of bilateral agreements;</li> </ul>	
<ul style="list-style-type: none"> <li>Tariff Concessions on import of capital machinery</li> </ul>	
Cash or export incentives, fund transfer-related incentives	
<ul style="list-style-type: none"> <li>20% export subsidies/cash incentives on vegetable and fruit export, and on processed agricultural product export</li> </ul>	
<ul style="list-style-type: none"> <li>20% export subsidies/cash incentives on agar and attar export</li> </ul>	
<ul style="list-style-type: none"> <li>10% export subsidies/cash incentives on potato export</li> </ul>	
<ul style="list-style-type: none"> <li>20% export subsidies/cash incentives on crop and vegetable seeds export</li> </ul>	
<ul style="list-style-type: none"> <li>20% export subsidies/cash incentives on 100% halal meat export</li> </ul>	
<ul style="list-style-type: none"> <li>10% export subsidies/cash incentives on residuals of cow and buffalo (except bone) export</li> </ul>	
<ul style="list-style-type: none"> <li>20% export subsidies/cash incentives on crab and eel export</li> </ul>	
<ul style="list-style-type: none"> <li>2% to 10% export subsidies/cash incentives on shrimp and other fish export</li> </ul>	
<ul style="list-style-type: none"> <li>5% to 20% export subsidies/cash incentives on jute products export</li> </ul>	
<ul style="list-style-type: none"> <li>20% export subsidies/cash incentives on export of jute stick carbon</li> </ul>	

### Seed

#### Fiscal incentives

- Max 15% tax rate for income generated from production of seeds

#### Cash or export incentives, fund transfer-related incentives

- Export subsidy of 20 percent on export of vegetable and crop seeds

### Readymade Garments

#### Fiscal incentives

- Reduced tax rate on export income
- Bonded Warehousing facilities
- Reduced corporate tax rate of 12% for knitwear and woven garments manufacturer and exporter (time extended till June 2022)
- Reduced corporate tax rate of 10% for knitwear and woven garments manufacturer and exporter with internationally recognized factory with green building certification (time extended till June 2022)

#### Cash or export incentives, fund transfer-related incentives

- Documentary Credit/LC facilities provided by bank using export Documentary Credit/LC as collateral

### Leather & Manufacturing of Leather Goods

#### Fiscal incentives

- Bonded Warehousing facilities

#### Cash or export incentives, fund transfer-related incentives

- Cash incentive of 15% on leather product export

### Non-leather Footwear

#### Cash or export incentives, fund transfer-related incentives

- Cash incentive of 15% on export of footwear made of synthetics and fabrics

### Plastic Products

#### Cash or export incentives, fund transfer-related incentives

- Export subsidy of 10% on plastic product export
- Export subsidy of 10% on PET bottle export

## ICT, Robotics and related industry

### Fiscal incentives

- Industries engaged in the production of basic components of electronics (e.g. resistor, capacitor, transistor, integrated circuit, multi-layer PCB etc.), computer hardware, Automation and Robotics design, manufacturing including parts and components thereof, Artificial Intelligence based system design and/or manufacturing, Nanotechnology-based products manufacturing are entitled to reduced-tax benefits for 5 or 10 years depending on locations.
- 100% tax exemption for income derived from software development, Nationwide Telecommunication Transmission Network or Information Technology Enabled Services (ITES).
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements
- 2% duty on ICT related hardware imports
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation
- Tariff Concessions on import of capital machinery

### Cash or export incentives, fund transfer-related incentives

- 10% export subsidies/cash incentives on software, ITES, computer hardware export

## Shipbuilding

### Fiscal incentives

- Reduced tax rate on export income: 5% for publicly traded company and 10% for non-publicly traded company.
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements
- Tax exemptions on capital gains from transfer of shares by the investing company
- Import duties of 5 percent on raw materials used for selling ships in local market

### Cash or export incentives, fund transfer-related incentives

- Export subsidy of 10% on export of ships

## Automobiles

### Fiscal incentives

- Industries engaged in the production of automobile manufacturing industry and tyre manufacturing industry are entitled to reduced-tax benefits up to 5 to 10 years.

Manufacturing, Machinery, Light Engineering, Electrical goods
Fiscal incentives
<ul style="list-style-type: none"><li>Industries engaged in the production of agriculture machinery, electrical transformer, nanotechnology-based products manufacturing, textile machinery, automobiles, automobile parts, tyres, boilers, boiler parts, compressors, compressor parts, bi-cycles and parts manufacturing, basic components of electronics, Automation and Robotics design and manufacturing including parts and components, toy manufacturing are entitled to reduced-tax benefits for 5 or 10 years depending on locations.</li></ul>
<ul style="list-style-type: none"><li>50% of income derived from export is exempted from tax.</li></ul>
<ul style="list-style-type: none"><li>Complete/partial import duty exemption on some raw materials imported by manufacturers of certain products (elevator, compressor, generator, refrigerator, air-conditioner, motorcycle, etc.</li></ul>
<ul style="list-style-type: none"><li>Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation.</li></ul>
<ul style="list-style-type: none"><li>Avoidance of double taxation for foreign investors on the basis of bilateral agreements.</li></ul>
<ul style="list-style-type: none"><li>Tariff concessions on import of capital machinery and duty drawback facility.</li></ul>
<ul style="list-style-type: none"><li>Bonded warehousing facility for large imports of ingredients to be used for production.</li></ul>
<ul style="list-style-type: none"><li>No VAT on export goods.</li></ul>
Cash or export incentives, fund transfer-related incentives
<ul style="list-style-type: none"><li>15% export subsidies/cash incentives on furniture export.</li></ul>
<ul style="list-style-type: none"><li>10% export subsidies/cash incentives on motorcycle export.</li></ul>
<ul style="list-style-type: none"><li>15% export subsidies/cash incentives on light engineering products export.</li></ul>
<ul style="list-style-type: none"><li>15% export subsidies/cash incentives on light engineering item export.</li></ul>
<ul style="list-style-type: none"><li>15% export subsidies/cash incentives on accumulator battery.</li></ul>
<ul style="list-style-type: none"><li>10% export subsidies/cash incentives on razor and razor blades export.</li></ul>
<ul style="list-style-type: none"><li>10% export subsidies/cash incentives on photovoltaic module export.</li></ul>
<ul style="list-style-type: none"><li>10% export subsidies/cash incentives on galvanised sheet/coil (coated with zinc, or with aluminum and zinc, or with colour) export.</li></ul>
<ul style="list-style-type: none"><li>10% export subsidies/cash incentives on ceramic items export.</li></ul>

## Chemicals & Pharmaceuticals

### Fiscal incentives

- Industries engaged in the production of petro-chemicals, active pharmaceuticals ingredient industry (API) and radio pharmaceuticals industry, pharmaceuticals, barrier contraceptive and rubber latex, tyre manufacturing are entitled to reduced-tax benefits for 5 or 10 years depending on location.
- Complete import duty exemption on some raw materials imported by raw materials producers for medicines.
- 50% of income derived from export is exempted from tax.
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation.
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements.
- Tariff Concessions on import of capital machinery and duty drawback facility.
- Bonded warehousing facility for large imports of ingredients to be used for production.
- No VAT on export goods.

### Cash or export incentives, fund transfer-related incentives

- 5% export subsidies/cash incentives on PET bottle export.
- 10% export subsidies on export of Polyester staple fiber produced from pet-bottle flex.
- 20% export subsidies/cash incentives active pharmaceuticals ingredient export.
- 10% export subsidies/cash incentives on pharmaceuticals products export.
- 10% export subsidies/cash incentives on chlorine, sodium hydroxide, hydrochloric acid, hydrogen peroxide export.

## Home Textile

### Fiscal incentives

- Reduced tax rate on export income.
- Bonded Warehousing Facilities.

### Cash or export incentives, fund transfer-related incentives

- Documentary Credit/LC facilities provided by bank using export Documentary Credit/LC as collateral.

### Renewable Energy

#### Fiscal incentives

- Infrastructure facilities producing renewable energy (solar energy plant, wind mill etc.) are entitled to reduced-tax benefits for 10 years.

#### Cash or export incentives, fund transfer-related incentives

- Priority to FDIs in generating electricity from solar and wind.

### Handicraft

#### Fiscal incentives

- 100% Tax exemption on income derived from the export of handicrafts.

#### Cash or export incentives, fund transfer-related incentives

- Cash incentives of 20% on export of handicrafts produced from certain items.

### Home Appliance

#### Fiscal incentives

- Industries engaged in the production of home appliances (blender, rice cooker, microwave oven, washing machine, LED television, mobile phone, induction cooker, water filter etc.) are entitled to reduced-tax benefits for 5 or 10 years depending on location
- 50% of income derived from export is exempted from tax
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements
- Tariff concessions on import of capital machinery and duty drawback facility
- Bonded warehousing facility for large imports of ingredients to be used for production.
- No VAT on export goods

### Furniture

#### Fiscal incentives

- Industries engaged in the production of furniture are entitled to reduced-tax benefits up to 5 to 10 years

#### Cash or export incentives, fund transfer-related incentives

- 15% export subsidy on furniture export

## Power & Energy

### Fiscal incentives

- Private sector power generation companies starting commercial operation between Jan 01, 2020 and Dec 31, 2022 will enjoy the following:
  - Tax exemption on income from power generation up to Dec 31, 2034.
  - Personal income tax exemption for 3 years for foreign nationals working in such company.
  - Tax exemption on interest paid on foreign loan.
  - Tax exemption on royalties, technical knowhow and technical assistance fees.
  - Exemption of capital gain tax arising from transfer of shares.
- Tax exemption of income of private power generation units for 15 years from the date of commercial operations.
- Reduced tax benefits for 10 years for gas pipeline, LNG terminal and transmission line, solar energy plant and wind mill.
- Import duty exemption on imports of machineries for electricity generation.
- Import duty exemption on imports of machineries used for natural gas exploration.
- No VAT on generation of electricity.

### Cash or export incentives, fund transfer-related incentives

- Priority to FDIs in generating electricity from solar, windmill, bio-mass, household and industrial wastage.

## Infrastructure

### Fiscal incentives

- 10 years of tax benefits for infrastructure like deep sea port, elevated expressway, export processing zone, flyover, high-tech park, ICT village or software technology zone, IT park, large water treatment plant and supply through pipeline, rapid transport, sea or river port, toll road or bridge, underground rail, mobile phone tower or tower sharing infrastructure, elevated expressway, waste treatment plants.
- For PPP (Public-Private Partnership) projects like National Highways or Expressways and related Service, Roads, Flyovers, Elevated and At-Grade Expressways, River Bridges, Tunnels, River port, Sea port, Airport Subway, Monorail, Railway, Bus Terminals, Bus Depots, and Elderly care home will have the following benefits.
  - o 100% tax exemption on income for 10 years from commercial operation.
  - o 100% tax exemption on capital gain arises from transfer of raised share capital within 10 years from commercial operation.
  - o 100% tax exemption on paid royalty and technical knowhow fees within 10 years from commercial operation.
- Tax exemptions on capital gains from transfer of shares by the investing company.
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation.
- Tax exemption on interest paid on foreign loan.



### Construction

#### Fiscal incentives

- Industries engaged in the production of brick made of automatic Hybrid Hoffmann Kiln or Tunnel Kiln technology are entitled to reduced-tax benefits up to 5 to 7 years.
- For contracts fixed tax deducted at source will be considered as the total tax payment for that contract. Generally, no additional tax. Similar tax treatment for real estate developers.

### Logistics

#### Fiscal incentives

- For contracts fixed tax deducted at source will be considered as the total tax payment for that contract. Generally, no additional tax.
- Fixed income tax facility on each vehicles operating on hire used for carrying passengers/goods.
- Fixed income tax facility on each inland water vassals operating on hire or used for carrying passengers.
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation.
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements.
- Tariff concessions on import of capital machinery.

### Financial

#### Fiscal incentives

- 10% tax on capital gain from trading of shares and bonds enlisted with any stock exchange in Bangladesh

# Treaties and Instruments

## Bilateral Investment Treatise

Bilateral Investment Treatise or BITs offer a set of guarantees to investors of either contracting parties, including fair and equitable treatment, protection from expropriation, free transfer of means besides full protection and security.

So far, Bangladesh has signed BITs with 30 countries.

Countries	Signing year	Status
Cambodia	2014	Signed
Turkey	2012	Signed
United Arab Emirates	2011	Signed
Denmark	2009	In force
India	2009	In force
Vietnam	2005	Signed
Singapore	2004	In force
Thailand	2002	In force
Iran, Islamic Republic of	2001	In force
Austria	2000	In force
Switzerland	2000	In force
Uzbekistan	2000	In force
Korea, Dem. People's Rep. of	1999	Signed
Japan	1998	In force
Indonesia	1998	In force
Philippines	1997	In force
Poland	1997	In force
China	1996	Signed
Pakistan	1995	In force
Netherlands	1994	In force
Malaysia	1994	In force
Italy	1990	In force
Turkey	1987	In force
Romania	1987	In force
Korea, Republic of	1986	In force
United States of America	1986	In force
France	1985	In force
BLEU (Belgium-Luxembourg Economic Union)	1981	In force
Germany	1981	In force
United Kingdom	1980	In force

Treaties with Investment Provisions (TIPs)

Title	Parties	Signing year	Year of entry into force
Asia-Pacific Trade Agreement (APTA)	China, Republic of Korea, Lao People's Democratic Republic, Sri Lanka	2009	--
The South Asian Free Trade Area (SAFTA)	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka	2004	2006
Bangladesh-EC Cooperation Agreement	European Union	2000	2001
OIC Investment Agreement	OIC member states	1981	1988

Investment Related Instruments (IRIs)

Bangladesh has signed 20 Investment Related Instruments including intergovernmental agreements, guidelines and principles both regional and multilateral.

Title	Year of adoption	Level	Type
Trade-Related Aspects of Intellectual Property Rights (TRIPS)	1994	Multilateral	Intergovernmental agreements
Agreement on Trade-Related Investment Measures (TRIMS)	1994	Multilateral	Intergovernmental agreements
Islamic Corporation for the Insurance of Investment Credit	1992	Regional/Plurilateral	Intergovernmental agreements
Multilateral Investment Guarantee Agency (MIGA) Convention	1985	Multilateral	Intergovernmental agreements
New York Convention	1958	Multilateral	Intergovernmental agreements
International Centre for Settlement of Investment Disputes (ICSID) Convention	1965	Multilateral	Intergovernmental agreements

Title	Year of adoption	Level	Type
Fifth Protocol to General Agreement on Trade in Services (GATS)	1997	Multilateral	Intergovernmental agreements
Fourth Protocol to GATS	1997	Multilateral	Intergovernmental agreements
GATS	1994	Multilateral	Intergovernmental agreements
UN Code of Conduct on Transnational Corporations	1983	Multilateral	Draft instruments
Doha Declaration	2001	Multilateral	Guidelines, principles, resolutions and similar
World Bank Investment Guidelines	1992	Multilateral	Guidelines, principles, resolutions and similar
International Labor Organisation (ILO) Tripartite Declaration on Multinational Enterprises	2000	Multilateral	Guidelines, principles, resolutions and similar
ILO Tripartite Declaration on Multinational Enterprises	2006	Multilateral	Guidelines, principles, resolutions and similar
ILO Tripartite Declaration on Multinational Enterprises	1977	Multilateral	Guidelines, principles, resolutions and similar
Singapore Ministerial Declaration	1996	Multilateral	Guidelines, principles, resolutions and similar
UN Guiding Principles on Business and Human Rights	2011	Multilateral	Guidelines, principles, resolutions and similar
Permanent Sovereignty UN Resolution	1962	Multilateral	Guidelines, principles, resolutions and similar
New International Economic Order UN Resolution	1974	Multilateral	Guidelines, principles, resolutions and similar
Charter of Economic Rights and Duties of States	1974	Multilateral	Guidelines, principles, resolutions and similar

Source: UNCTAD Investment Policy Hub



The third bridge over the Karnaphuli River at Chattogram

# Focus Infrastructure

**The government's fast-track projects<sup>22</sup> are key structures poised to boost productivity and reshape connectivity within and across Bangladesh's borders.**

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<sup>22</sup> Latest list of fast-track projects provided by the Economic Relations Divisions of the Ministry of Finance on Jan, 2020. Subject to revision as per the decision of the Executive Committee of National Economic Council (ECNEC).



Padma Bridge is set to be Bangladesh's largest bridge. It will link southwest districts to northern and eastern districts.

### Padma Multipurpose Bridge

The Padma Bridge is a multipurpose road-rail bridge being constructed over the mighty Padma River. It is set to be Bangladesh's largest bridge that will link southwest districts to northern and eastern districts including capital Dhaka. The bridge is also aligned with the Asian Highway to strategically enhance regional connectivity.

Main Bridge Length: 6.15 km

Approach Road: 12.117 km

Viaduct: 3.148 km (Road), 532 m (Rail)

River Training Works: 14 km (1.6 Mawa + 12.4 in Janjira)

Land Acquisition: About 1471 hector

Cost: USD 3.868 billion

Project duration: Jan 2009 - Jun 2021

### Rooppur Nuclear Power Plant

Rooppur Nuclear Power Plant is Bangladesh's first nuclear power plant being constructed on the banks of the Padma, 87 miles west of Dhaka, in the northwest district of Pabna. Power and energy generation in Bangladesh is overwhelmingly dependent on natural gas, coal and imported LPG. When completed, nuclear power will make up 10 percent of total power productivity, which will enable new industries like petrochemical production and fertilisers.

Location: Rooppur, Ishwardi, Pabna

Capacity: 2,160 MW

Units: 2 × 1,200 MW

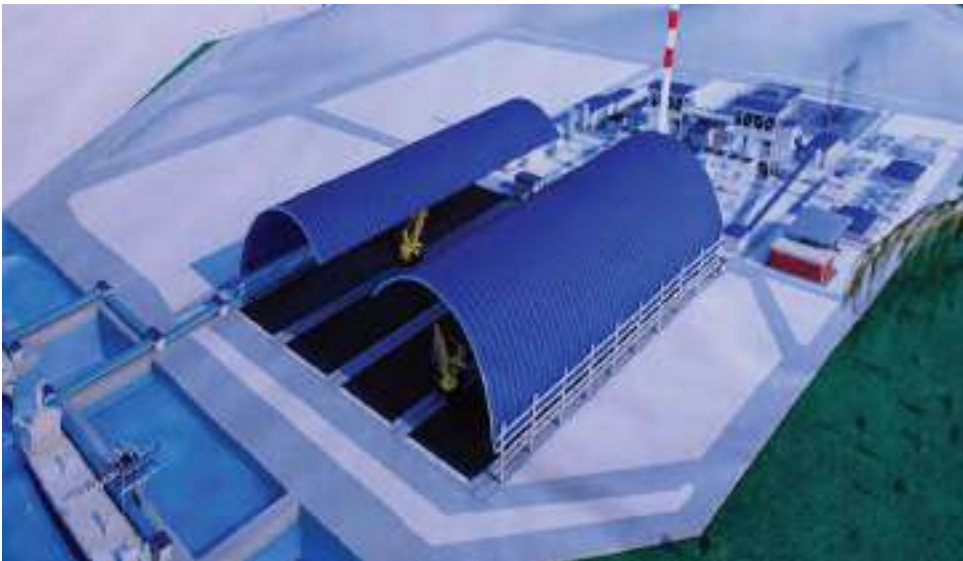
Cost: USD 12.65 billion

Power start up: Dec 2022

**2x660 MW Moitri Super Thermal Power Project (Rampal)**

The 1320 megawatt coal-fired power station is being constructed at Rampal Upazila of Bagerhat District in Khulna. The plant is an effort to establish reliable and cost-effective power production. The project is using state-of-the-art technology to actively mitigate environmental impacts.

Proposed capacity: 1320 MW (2 x 660MW)  
Cost: USD 1.8 billion  
Size: 430 Acres



2 x 600MW Ultra Super Critical Coal Fired Power Plant in Matarbari.

**Moheshkhali-Matarbari Integrated Development Initiative (MIDI)**

The mega project envisions a hub of value chains across the Dhaka-Chattogram Matarbari belt. Bangladesh will construct its first deep sea port in the area, which along with the Matarbari power plant and 16 other projects are part of this mega development initiative.

Location: Matarbari, Maheshkhali Upazila, Cox's Bazar  
Deep sea port terminals lengths: 300 metres, 460 metres  
Permitted vessel draught: 16 metres, 8,000 TeU  
Power plant: 2 x 600MW Ultra Super Critical Coal Fired Power Plant  
Cost: USD 4.62 billion  
Project duration: July 2014 to June 2023

### Dhaka Mass Rapid Transit Development Project

The Mass Rapid Transit project is set to drastically reduce traffic congestion in capital Dhaka and surrounding areas. Dhaka's first Metrorail is being constructed as part of the project which also includes the country's first subway. Based on 20 kilometres of elevated electric-powered track, the Dhaka Metrorail will span between Uttara in the city's north and Motijheel, the capital's business hub. The journey which now takes hours due to heavy traffic will be reduced to just 38 minutes.

Number of Metrorail stations: 16

Metrorail station locations: Uttara North, Central and South, Pallabi, Mirpur-11, Mirpur-10, Kaziparha, Shewraparha, Agargaon, Bijoy Sarani, Farmgate, Karwan Bazar, Shahbagh, TSC, Press Club and Motijheel.

Maximum speed: 100 km/h

Daily ridership: 483,000

Project duration: July 2012 to June 2021



Liquefied Natural Gas (LNG) terminals at Moheshkhali

### Liquefied Natural Gas (LNG) terminals

Two Floating Storage and Regasification Units (FSRU) have been set up to establish Bangladesh's first LNG terminals at Moheshkhali Island, located in the Bay of Bengal. The second unit added a send-out capacity of 500 million standard cubic feet per day (MMscf/d) to the first terminal's 3,200 MMscf/d capacity. The three pipelines transmitting LNG from the terminals are nearing completion. The project utilises state-of-the-art technology to provide the critical infrastructure required for the country to access natural gas from global markets.

#### Pipelines

Moheshkhali-Anwara gas transmission pipeline

Anwara-Fouzdarhat gas transmission pipeline

Chattogram-Feni-Bakhrabad transmission pipeline



### Payra Port

The Payra Port in Patuakhali is Bangladesh's third sea port after Chattogram port and Khulna's Mongla port. The government plans to develop it into a deep sea port with 14.5 meter draught and build an airport, cargo terminal, coal-based power plants, LNG terminal and two long jetties on the 6,500-acre premise. Payra Port is poised to support transit trade as well as economic development of Bangladesh's south middle zone.

Location: Rabnabad channel near Bay of Bengal  
Current draught: 7.2 m - 8 m  
Length overall (LOA): Maximum permissible is 200 m  
Tidal Range: 2.0 m - 3.5 m (approx.)  
Anchorage: Wide outer and inner anchorage

Commencement: 2013  
Operational: 2016  
Completion: 2021

### Padma Bridge Rail Link Project

The project is aimed at constructing a new railway track from Dhaka to Jashore via Padma Multipurpose Bridge, establishing new Broad Gauge railway connectivity through the south-west region. The railway track will greatly speed up inter-district connectivity and establish another sub-route of Trans-Asian Railway Network in Bangladesh.

Total track length: 215.22 km  
Viaducts: 23.377 km  
Major bridges: 66  
Minor bridges/culverts/underpass: 244  
Road overpass: 1 (at Mawa approach)  
Level crossings: 29  
BG Passenger Coaches: 100

Project duration: Jan 2016 - Jun 2022  
Cost: USD 4.6 billion

### Dohazari-Cox's Bazar-Gumdhum Dual-gauge Railway Line

The Single Line Dual Gauge railway track will connect Dohazari to Cox's Bazar via Ramu. It will also link Ramu to Gundum near Myanmar border. The railway track aligned with the Trans Asian Railway route is being constructed under the South Asia Subregional Economic Cooperation (SASEC) program.

Cost: USD 2.1 billion  
Project duration: July 2010 to Jun 2022

### Karnaphuli Water Supply Project (phase II)

The project will increase sustainable access to safe water for the people in Chattogram by constructing water supply facilities and strengthening the capacity of Chattogram Water Supply and Sewerage Authority. The project will increase water supply and restore 500 km distribution and service pipeline, ensuring safe water for low-income communities.

Project duration: Jan 2014 – Dec 2022

## Other **key** projects



Dhaka Elevated Expressway

### Dhaka Elevated Expressway

The purpose of Bangladesh's first elevated expressway is to increase traffic capacity within and around the capital city by improving connectivity between the northern and the central, south and southeastern parts of Dhaka. The four-lane structure will commence at Dhaka's Hazrat Shahjalal International Airport and end at Kutubkhali via Mohakhali, Tejgaon, Moghbazar, Kamalapur, Syedabad and Jatrabari.

Mainline Length: 19.73 km  
Length with a total 31 ramps: 46.73 km

Cost: USD 1.05 billion

**More terminals at Chattogram Port**

Chattogram is the principal sea port of Bangladesh, situated 16 kilometres upstream from the Bay of Bengal. There has been a significant and sustained increase in cargo handling at the Chattogram Port, with current growth averaging at more than 10% annually. To ensure the historic port can meet the demands of an ever-growing economy, specialised terminals are being developed to bolster handling capacity and reduce vessel congestion which includes the Bay Container Terminal, Patenga Container Terminal and the Laldia Bulk Terminal.

**Expansion of highways**

In the last ten years, Bangladesh made unprecedented progress in road development under a vision of modernising travel, eliminating traffic gridlocks and seamless regional connectivity. There were 139 ongoing projects under the Roads and Highways Department in the 2018-19 fiscal year.

**Multi-lane Road Tunnel under Karnaphuli River**

The four-lane tunnel will establish a new modern road system among port city Chattogram, capital city Dhaka and tourist hotspot Cox’s Bazar and connect to the Asian Highway. Reducing distance, it will ease the heavy port-city-bound traffic from the capital. It will also expedite the work to develop industrial areas on the eastern part of the river and link it to Chattogram city, Chattogram Port and the Shah Amanat International Airport located on the western part.

Location: Patenga and Anwara, Chattogram  
Entry: Two kilometre downstream of river from Shah Amanat Airport  
Exit: Anwara

Cost: USD 1.16 billion  
Commencement: December, 2017  
Completion: 2022

## BIDA & other IPAs

Investment promotion agencies (IPA) speak the language of business while carrying out key activities for achieving the government's economic goals. IPAs in Bangladesh promote and facilitate investment while also playing the role of regulators. The following IPAs are under the direct supervision of the Prime Minister's Office.

### Bangladesh Investment Development Authority (BIDA)

BIDA's mandate is provided by the Bangladesh Investment Development Authority Act 2016.

The apex investment promotion agency of Bangladesh, BIDA was formed through the merger of the erstwhile Board of Investment and the Privatisation Commission in 2016. It is the first destination for investors exploring opportunities in Bangladesh<sup>23</sup>.

BIDA attracts investment, facilitates investors with expansion potential, advocates for better business ecosystem, provides one-stop service and promotes investment growth outside major city centres. BIDA also facilitates the utilisation of unused land of state-owned enterprises.

As regulator, BIDA registers investment projects, which is essential for getting incentives such as tax exemption, import duty exemption and more. Permission for setting up commercial offices are also provided by BIDA. Work permits for foreign workers are issued with an eye on knowledge and technology transfer. Other services include visa recommendation, IRC recommendation, remittance approval, foreign borrowing approval, investment aftercare, counselling and more<sup>24</sup>.



BIDA Executive Chairman Md. Sirazul Islam in his office at Dhaka's Agargaon.

<sup>23</sup> All investment activities beyond BEZA, BEPZA, BHTPA, PPPA and BSCIC are BIDA's responsibility.

<sup>24</sup> Read more in Chapter 2: Starting a Business

BIDA hosts the national online One Stop Service (OSS) portal, which is the country's first inter-operable platform providing data-sharing and e-payment enabled G2B services. BIDA is also the government's lead agency coordinating reforms aimed at improving Bangladesh's Ease of Doing Business ranking.



### **BIDA responsibilities at a glance:**

- Investment promotion
- Investment facilitation
- Policy advocacy
- Guidance on doing business
- Response to investment-related queries
- Guidance and advice on investment in specific sectors
- Matching support between foreign investors and local industries
- Arrangement of visit to and meeting with various government and private organisations
- Addressing the issues of investors for smooth operation
- Registration of industrial investment and commercial office establishment
- Facilitation of utility service connection
- Facilitation of machinery and raw material import
- Approval for obtaining foreign borrowing
- Approval of overseas remittance of royalty/technical assistance-related fees
- Approval of expatriate employment and facilitation of visa acquisition
- Assistance for the government in framing policies for private sector development

### **Bangladesh Economic Zones Authority (BEZA)**

BEZA's mandate to establish, license, operate, manage and control economic zones<sup>25</sup> is provided by the Bangladesh Economic Zones Act, 2010. A special economic zone is an area in which the business and trade laws are different from the rest of the country.



Instituted in 2010, BEZA is working to establish 100 economic zones in all potential areas in Bangladesh including backward and under developed regions. The goal is to encourage rapid economic development through diversification of industry, employment, production and export.

Until now, BEZA has got the approval to establish 88 economic zones countrywide comprising 59 Government and 29 Private EZs, for which feasibility studies, land acquisition and identifying area specific social and environmental initiatives are underway. BEZA has also been working to establish government to government EZs, public private partnership EZs and special tourism parks.

BEZA provides many incentives both to manufacturing unit investors and the developers of the Economic Zones.

<sup>25</sup> See Annexures for list of Economic Zones sites



Administration Building at Bangabandhu Sheikh Mujib Industrial City.

#### Incentives for developer:

- Income Tax exemption for 12 years
- VAT exemption on electricity
- VAT exemption on local purchase excluding petroleum products
- Exemption from custom/excise duties
- Exemption of stamp duty and registration fees for land registration
- Exemption of stamp duty for registration off loan/credit document
- Exemption from dividend tax

#### Incentives for unit investors:

- Income Tax exemption for 10 years
- Duty free import of raw materials etc.
- Economic Zone declared as custom bonded area
- Exemption from dividend tax
- Full repatriation of capital and dividend
- No ceiling of FDI
- 100% backward linkage of raw-materials and accessories to sell for EOI in DTA
- 20% sale of finished product to DTA
- Sub-contracting with DTA allowed
- 50% exemption of stamp duty and registration fees for registration of leaseholder land/factory space
- Exemption of VAT on all utility services
- Duty exemption on export

- Exemption of CD for import of vehicles
- Exemption of double taxation subject to the existence of double taxation agreement
- Exemption of salary income from IT for expatriates
- Foreign loan is allowed in compliance with existing laws
- FC Account for non-residents
- FC Account for both local and joint venture industry
- Foreign investors to be free to enter into JV
- Tax exemption on royalties, technical fees etc.
- Tax exemption on capital gains from transfer of shares
- Provision of transfer of shares by foreign shareholders to local shareholders and investors
- Issuance of work permit to foreigners is allowed up to 5% of total officers/employees of an industrial unit
- Re-investment of remittable dividend to be treated as new foreign investment
- Resident visa for investment of US\$ 75,000 or more
- Citizenship for investment of US\$ 10,00,000 or more incentive

### Public Private Partnership Authority Bangladesh (PPPAB)

The Public-Private Partnership Authority Bangladesh is guided by the 'Policy and Strategy for Public Private Partnership (PPP)' issued in 2010. The authority plays the role of a catalyst for proactive realisation of PPP projects.



The PPPAB supports line ministries to identify, develop, tender and finance PPP projects. For interested investors and lenders, it provides a centralised portal for high quality PPP projects. Staffed with both private sector and civil service professionals, the authority augments the project development efforts of the government's line ministries to enhance quality, attractiveness and sustainability while realising these in an efficient and cost-effective manner.

#### PPPAB roles in brief:

- Promotion and marketing
- Project facilitation
- Stakeholder engagement
- Appointment of transaction advisers
- Policy development and enforcement
- Screening and project approval
- Monitoring and reporting
- Capacity building
- Donor agency engagement



## Bangladesh Export Processing Zones Authority (BEPZA)

The activities of BEPZA are guided by the Bangladesh Export Processing Zones Authority Act, 1980. Export processing zones (EPZ) are territorial or economic enclave in which goods may be imported and manufactured and reshipped with a reduction in duties/and/or minimal intervention by customs officials.



BEPZA is the official organ of the government for promotion, attraction and facilitation of foreign investment in the EPZs. BEPZA also supervises compliance with social, environmental and workplace standards with the aim of ensuring harmonious labour and industrial relations in EPZs.

### EPZ provides:

- Plots/factory buildings in customs bonded area
- Infrastructural facilities
- Administrative facilities
- Fiscal & non-fiscal incentives<sup>26</sup>
- EPZ attracts: foreign & local investment

### EPZ's across Bangladesh:

- Chattogram EPZ
- Dhaka EPZ
- Mongla EPZ
- Ishwardi EPZ
- Cumilla EPZ
- Uttara EPZ
- Adamjee EPZ
- Karnaphuli EPZ

## Bangladesh Hi-Tech Park Authority (BHTPA)

The mandate of the BHTPA is provided by the Bangladesh Hi-tech Park Authority Act, 2010.

A hi-tech park is a sophisticated concentration of technological facilities, equipment and tech-savvy professionals. BHTPA promotes and facilitates<sup>27</sup> IT and ITES-based industries by developing hi-tech and software technology parks across Bangladesh. The authority is currently engaged in 6 projects that will lead to the establishment of 28 hi-tech and software technology parks.



### Operational projects:

- Sheikh Hasina Software Technology Park Jashore
- Janata Tower Software Technology Park
- Sheikh Kamal IT Training & Incubation Centre in Natore

### Ongoing projects:

- Bangabandhu Hi-tech city
- Bangabandhu Sheikh Mujib Hi-Tech Park, Sylhet
- Bangabandhu Sheikh Mujib Hi-Tech Park, Rajshahi
- Sheikh Kamal IT Training & Incubation Centre
- 12 IT Park project
- Basic Infrastructure for Bangabandhu Hi-Tech City-2

<sup>26</sup> Check Annexures for BEPZA incentives

<sup>27</sup> Check out BHTPA incentives: <https://bhtpa.portal.gov.bd/>

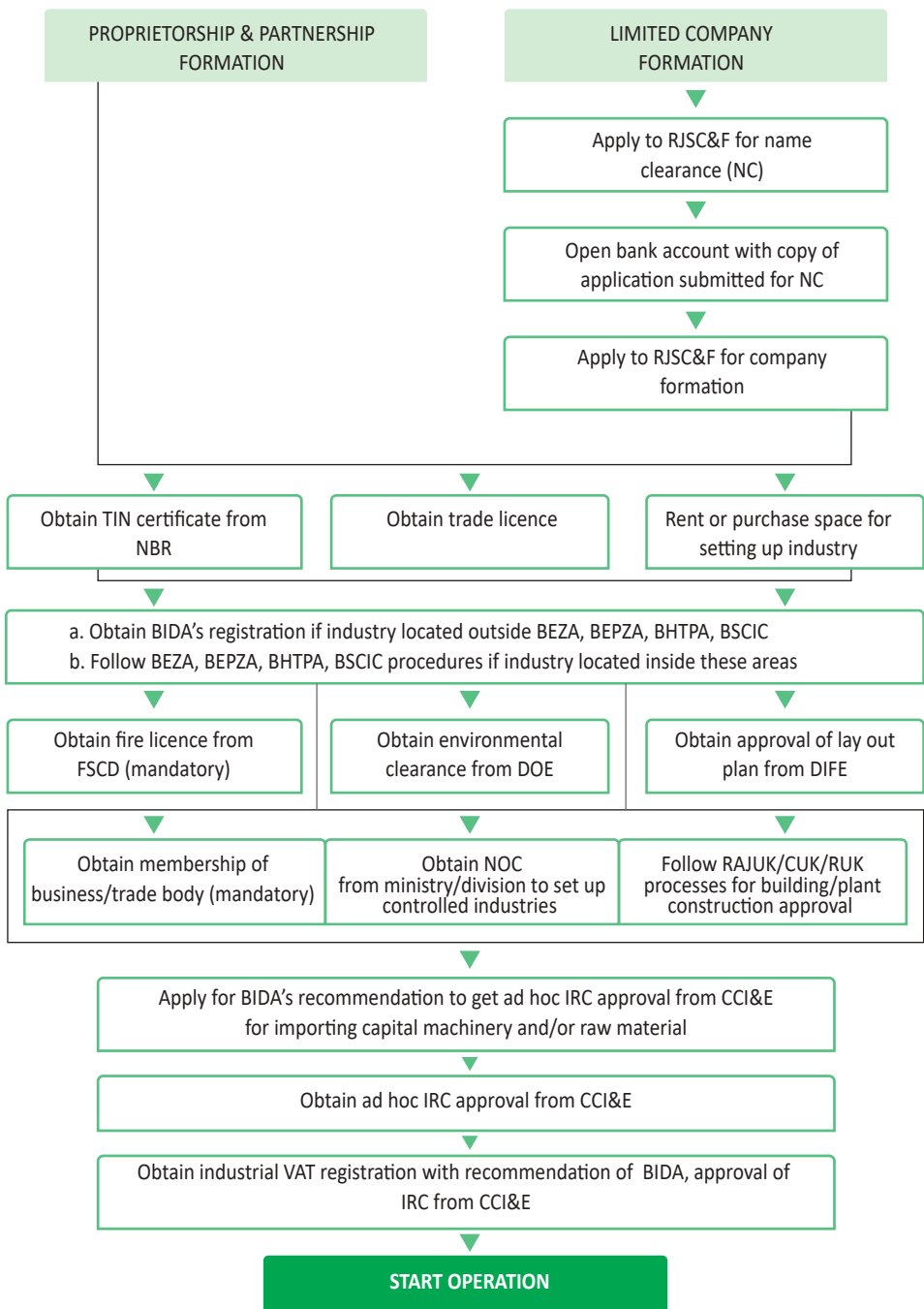


## ► Chapter 2

# Starting a Business

This chapter provides information on Setting Up a Business, Post-incorporation Compliances, Operational Setup, Banking & Capital Transfer and Winding Up of Business. To learn about related costs, read Chapter 3: Cost of Doing Business.

# Investment Roadmap



# Selecting a structure

In Bangladesh, foreign investors can choose a business structure from the following options.

New company/ subsidiary	Branch Office	Liaison/Representative Office
<ul style="list-style-type: none"> <li>• Incorporate a 100% Foreign-owned company, a Joint Venture with local/foreign partner or a Bangladeshi company.</li> <li>• Allowed to generate income, incur expenses out of income.</li> <li>• Board meetings, annual general meetings, submission of returns to the Registrar of Joint Stock Companies and Firms (RJSC&amp;F) are required.</li> <li>• Repatriate all post-tax profits and capitals.</li> <li>• No restriction on minimum or maximum capital that must be inducted at the time of company registration.</li> <li>• The majority of sectors allow 100% foreign ownership.</li> </ul>	<ul style="list-style-type: none"> <li>• Allowed to conduct business activities as permitted by the government.</li> <li>• Income generated is subject to approval by BIDA.</li> <li>• Expenses can be met through inward remittance from parent company or from income generated from approved field of business.</li> <li>• Allowed direct involvement and earning of commission through import and export activities.</li> <li>• Repatriate all post-tax profits to parent company following approval of BIDA and Bangladesh Bank.</li> <li>• Open, operate bank account with Bangladesh Bank's permission. Incorporate Branch office with RJSC&amp;F after BIDA approval.</li> </ul>	<ul style="list-style-type: none"> <li>• No basic difference between Liaison and Representative Office.</li> <li>• Maintain liaison with parent company and local entities/suppliers/contractors/factories/customers/importers etc.</li> <li>• Not permitted to generate income.</li> <li>• All expenses should be met through inward remittance from parent company.</li> <li>• No outward remittance permitted except the amount brought in from abroad and remains unspent.</li> </ul>

# Types of companies

A company incorporated locally or incorporated abroad but registered locally can do business in Bangladesh. A foreign company incorporated abroad can set up its subsidiary in the form of private or public limited company. Below are the different types of business establishments in Bangladesh.

PARTICULARS	PRIVATE	PUBLIC
Min Members	2	7
Max Member	50	Unlimited
Min Directors	2	3
Transfer of ownership	Ownership can be transferred	Ownership can be transferred
Subscription of shares	Public subscription not allowed	Public subscription allowed
Commencement of Business/Operations	Entitled to commence from date of incorporation	Declaration to be filed prior to commencement
Legal Status	The Directors are liable for defaults made under the act	The Directors are liable for defaults made under the act
Governing Act	Companies Act	Companies Act

# Setting up a business

## Blocked Account

Before incorporating a company, an investor must open a Blocked Account in the name of the proposed company with any scheduled bank to remit capital from outside the country. The opening of this account does not require prior approval of the Bangladesh Bank, which is the central bank of Bangladesh.

The Blocked Account will be regularised once the company is registered with the Registrar of Joint Stock Companies and Firms (RJSC&F). Once the registration is completed, the bank will collect all necessary papers.

If the proposed company is declined registration by the RJSC&F, the account will be closed after the entire balance is transferred through a pay order issued in favour of the account's nominee. Such accounts are not required for commercial offices (branch, representative/ liaison) as they can open a regular bank account and receive initial suspense payment from their head office.

## One-Stop Service

The government of Bangladesh is dedicated to providing a single-window solution to investors dealing with the regulatory requirements for establishing and operating a business.

BIDA hosts the country's main online One Stop Service (OSS) portal, which delivers e-payment and data-sharing enabled G2B services to investors.

To begin the process for registering a company, visit [www.bida.gov.bd](http://www.bida.gov.bd) and create an OSS account, update profile information and fill up a basic information form. The basic information form is approved within an hour, following which an investor can start using the OSS.

The following services must be requested individually on the OSS.

- Name clearance
- Company registration
- BIDA Registration (New)
- Outward Remittance Approval
- Corporate Taxpayer Identification Number (TIN)
- Permission for branch/liaison/representative office (establishment, extension, cancellation & amendment)
- Visa recommendation for categories PI, E2, E3 (new, amendment)
- Work permit (new, extension, cancellation & amendment)

### Name clearance

Name clearance (NC) from the Registrar of Joint Stock Companies and Firms (RJSC&F) is a pre-requisite for registration of a new entity. The procedure does not apply to foreign companies and partnership firms, who can directly register with the RJSC&F.

- Click on the search option to check if a name is available.
- The RJSC&F will send an instant notification on whether or not the name is available.
- Submit name clearance form if the name is available.
- Submit the required fee online.
- The clearance is valid for 180 days from the date of issue.

### Company registration

A company must be registered with the RJSC&F to commence business as per the Companies Act 1994. The OSS system will use information provided in the previous forms to automatically fill-up the majority of the fields. The registration fee will be calculated automatically. Complete the payment process and submit the application.

Documents required:

- Form IX
- Memorandum of Association
- Articles of Association
- Joint Venture agreement
- Others documents if required

### Corporate TIN

After receiving approval for company registration, the applicant can apply for a Taxpayer Identification Number or TIN from the National Board of Revenue (NBR).

No fee is required.

### Commercial office

Following are the documents required for filing an online application on BIDA's OSS for requesting permissions related to the establishment and operation of branch, liaison or representative offices in Bangladesh.

#### **Permission for a new branch/liaison/representative office:**

An application for establishing a new branch/liaison/representative office is subject to approval by an inter-ministerial committee. Along with an online application, an applicant must submit the original copies of all documents to BIDA's Director of Registration & Incentives-Commercial.

If the office changes address, BIDA must be notified before the change is carried out. If an approved branch/liaison office wants to set up more offices, separate applications will have to be filed with BIDA.

**Documents required:**

The documents below must be certified by the Bangladesh Embassy/High Commission/mission/apex business chamber/local business chambers.

- Audited Accounts of last financial year of the principal company.
- Company's board of director's resolution regarding opening of office in Bangladesh (copies must be duly attested by authorised person).
- Proposed organogram of the office showing the posts to be occupied by both expatriates and local personnel.
- Details of activities of the principal company and details of the activities to be performed through the proposed branch office in Bangladesh.
- Name and nationality of the directors/promoters of the principal company.
- Memorandum and Articles of Association of the principal company.
- Certificate of Incorporation.

**Useful links**

- [https://bidaquickserv.org/#list\\_4](https://bidaquickserv.org/#list_4)
- 

## Post-incorporation compliances

**Fire Licence**

Fire licence is another obligatory permit required by all factories, according to the Fire Prevention and Fire Fighting Act, 2003. The permit is issued by the Department of Fire Service & Civil Defense (FSCD), under the Ministry of Home Affairs. A fire license must be renewed every year. Estimated processing time for getting a fire license is usually 90-120 working days.

**Procedure**

1. Submit online form at <http://efirelicense.gov.bd/>
2. An inspector then visits the establishment and issues a demand note.
3. Pay the amount in the demand note to the bank.
4. Submit the bank receipt to the Department of Fire Service & Civil Defense
5. The inspector will re-inspect the establishment
6. If the standard requirement is met, a fire licence will be issued.

Documents required:

- Yearly Valuation Certificate from the City Corporation or Municipality's zonal office.
- Description of establishment's fire-fighting and safety plan
- Certificate of Incorporation and Memorandum of Association
- Clearance certificate from the FSCD office (it can be under process)

### Trade Licence

Trade licence is issued to companies, proprietors and partnership firms by concerned city corporation, municipality or a union council and is a requirement for every business operating in Bangladesh.

If a business has more than one place of operation, it is required to obtain trade licences from each local government. A trade licence is issued for a year and must be renewed every year. Online application forms are available on local government websites.

Documents required:

- Copy of Incorporation Certificate/Permission for Branch or Liaison office
- Certified copy of the Memorandum of Association
- Address of the business in a valid document.(eg. rental deed, land ownership.)
- Applicant's photo (3 attested copies)
- Copy of the National ID card or copy of passport

To obtain a factory trade licence, some additional documents are required.

- NOC declaration from locality
- Holding tax receipts (for renewal)
- Sketch map of factory and surrounding area
- Description of machineries to be used in the factory
- Location map
- Fire license/environment clearance certificate

Useful links:

- |   |   |
|---|---|
| • <a href="http://www.etradelicense.gov.bd/">http://www.etradelicense.gov.bd/</a> | • <a href="http://www.dhakasouthcity.gov.bd/">http://www.dhakasouthcity.gov.bd/</a> |
| • <a href="http://dncc.portal.gov.bd/">http://dncc.portal.gov.bd/</a>             | • <a href="http://efirelicense.gov.bd/">http://efirelicense.gov.bd/</a>             |

### Renewal of trade licence

A trade licence has to be renewed every financial year, which begins in the month of July and ends in June of the following year. Fee for renewal is same as for a new licence.



## Registration with Bangladesh Investment Development Authority

In order to get the facilities and the institutional support offered by the government, a private industrial project must be registered with the Bangladesh Investment Development Authority (BIDA), as per the Bangladesh Investment Development Authority Act 2016.

Industrial enterprises are provided essential licenses and permits following registration. However, projects to be registered with BIDA must be located outside the jurisdiction of BEZA, BEPZA, BHTPA, BSCIC, as these investment promotion agencies provide their own set of incentives and privileges to investors. BIDA registration is not a requirement for commercial and trading activities, buying houses and service-oriented institutions. Investment projects are registered in all offices of BIDA, regardless of project status.

Three types of investment registration:

- 1) Local investment
- 2) Foreign investment
- 3) Joint-venture between foreign and local investors

## Commercial office registration

Foreign companies interested in establishing branch, liaison or representative offices can apply for commercial office registration.

### Services and facilitation for BIDA-registered investors

**The following general investment incentives are made available to newly established investments and not applicable in case of re-investments or extensions:**

- Tax exemption (details available in Chapter 4)
- Tax rebate (i.e. reduced corporate income tax)
- Import duty exemption on capital machinery/spare parts
- Accelerated depreciation allowance (for machinery/plants)

**The following licences and permits can only be availed following registration with BIDA:**

- VISA recommendation
- Expatriate work permit
- Remittance approval of royalty and technical assistance-related fees
- Foreign borrowing approval
- Recommendation for Import Registration Certificate (IRC) for importing capital machinery and materials for industrial use
- Customs clearance certificate for imported machinery and equipment
- Utility connections etc.

**The following are among the major privileges and facilities provided to BIDA-registered investors:**

- Double taxation prevention
- Repatriation of invested capital, profit and dividend
- Remittance of royalty, franchise fee, technical license/know-how/assistance fees
- Reinvestment of remittable dividends (treated as new investment), etc.

**Industries that export more than 80 percent of their goods and services can benefit from the following privileges and facilities, regardless of their locations, which can be within or outside an Economic Zone or Export Processing Zone.**

- Bonded warehouse and duty drawback facilities
- Openback-to-back letter of credit (L/C) and loans up to 90 percent of the value against irrevocable or confirmed L/C sales contract
- Export Retention Quota (ERQ) that can be utilised for marketing, overseas office establishment, trade fair participation, etc.
- Export Credit Guarantee Scheme to facilitate access to foreign exchange finance for material and input procurement
- Advance income tax rebate on export earnings and exempt taxes on a specified quantity of samples for manufacturing export goods
- Import of banned and restricted goods if deemed essential material and input for manufacturing export goods
- Sell up to 20% of their goods domestically, as far as such trading is settled by L/C in foreign currency and related taxes are duly paid
- Exporters in certain sectors receive additional benefits such as subsidy or cash incentive upon conditions

### BIDA registration process

Investors can register their projects by simply logging into BIDA's One Stop Service (OSS) portal. Once all required documents are provided, it takes one day to register a local or foreign investment project. However, it takes 15 days to register commercial offices since the process involves the approval of an inter-ministerial committee, which convenes twice in every month. Below are the lists of required documents.

#### Local investment project:

- Attachment of company's comments as per BIDA's requirement
- NOC from concerned Ministry/Directorate/Department in case of application concerning controlled sectors as per the Industrial Policy, 2016
- Project profile if project cost is 100 million or above
- List of directors with information on nationality & address
- Land purchase/Rental deed agreement of project.
- Updated TIN Certificate
- Trade Licence
- Memorandum and Article of Association (requires attestation by authorised person)
- Certificate of Incorporation
- Other necessary documents (if any)

**For foreign investment/ joint venture project:**

- Attachment of company's comments as per BIDA's requirement
- NOC from concerned Ministry/ Directorate/Department in case of application concerning controlled sectors as per the Industrial Policy, 2016
- Encashment certificate
- List of machineries local & imported to be submitted in company's official pad
- Project profile if project cost is 100 million or above
- List of directors with information on nationality & address
- Land purchase/Rental deed agreement of project
- Updated TIN Certificate
- Trade Licence
- Memorandum & Article of Association (requires attestation by authorised person)
- Certificate of Incorporation
- Other necessary documents (if any)

Useful links:

- [www.bida.gov.bd](http://www.bida.gov.bd)
- [www.bidaquickserv.org](http://www.bidaquickserv.org)

**VAT registration certificate**

All businesses are required to have a VAT Registration Certificate, following which the next requirement – Business Identification Number (BIN) -- can be obtained. The VAT paid by businesses are calculated on the basis of their annual turnover. VAT is imposed on goods and services at each stage of import, manufacturing, supply and trading.

VAT registration certificate is a requirement for carrying out business operations such as participation in tender, banking activities besides export and import. The registration threshold under the new VAT procedure is BDT 8 million and enlistment threshold is BDT 3 million.

Annual turnover (BDT)	Turnover tax (%)
Less or equal to 300,00,00	None
Over 300,00,00 to 800,00,00	3%
Over 800,00,00	15%

Source: National Board of Revenue

### VAT registration process

VAT registration is free and the process does not require attachment of documents. The registration form is called VAT 2.1 or Mushak 2.1, which can be downloaded from the website of the National Board of Revenue or NBR. An applicant can contact NBR's helpdesk at 16555 for any assistance.

The application will have to be submitted to the concerned VAT commissioner or deputy commissioner. After proper scrutiny and examination, a registration certificate/turnover tax enlistment certificate in VAT 2.3 form will be issued from the VAT system within three working days and will contain a Business Identification Number (BIN).

The advantages of Business Identification Number (BIN):

- All import and export activities except baggage import
- Registration of land or building
- Obtaining import/export registration certificate
- Supplying to any withholding entity
- Participation in any tender process
- Enlisting with any organisation
- Obtaining bond licence
- Sanction of a bank loan in favour of the registered individual

Useful links

- <http://nbr.gov.bd/faq/vat-faq/eng>
- <https://www.vat.gov.bd/>
- <http://nbr.gov.bd/form/vat/vat-2012>

# Operational set-up

## Industrial plot

An investor may seek the help of BIDA for securing an industrial plot. But if the investor wants to settle down in a plot within the jurisdiction of BEPZA, BEZA or BSCIC, the facilitation needed will be provided by these respective authorities.

- An investor must file an application in which information on the size of the plot required is provided along with copies of the sanction/registration letter and industrial layout plan.
- BIDA provides recommendations for the allocation of land to the city development authority.
- BIDA also provides recommendation for acquisition of private land for industrial use to the deputy commissioner of a district.

Most of the industrial areas/estates are owned/controlled by city development authorities in three divisional headquarters, which are:

In Dhaka, RAJUK (Capital Development Authority)

In Chattogram, Chattogram Development Authority (CDA)

In Khulna, Khulna Development Authority

Besides the above authorities, the Public Works Department and the National Housing Authority also owns several industrial estates.

## Utilities

### Gas connection

Following are the companies transmitting and distributing natural gas in designated franchise areas of Bangladesh.

- Titas Gas Transmission and Distribution Company Limited
- Bakhrabad Gas Distribution Company Limited
- Jalalabad Gas Transmission and Distribution System Limited
- Pashchimanchal Gas Company Limited
- Karnaphuli Gas Transmission Limited
- Sundarban Gas Transmission Limited

The application for an industrial gas connection can be filed online. The copy of a form can also be collected from a specific bank or from the company's offices. The application fee is BDT 300, which is subject to periodic revisions. The fee has to be submitted to a zone office or to the head of a regional office in the form of a crossed check or a pay order.

## Chapter 2: Starting a Business

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Documents required (industrial):

- Two (2) attested passport-size photographs
- Updated trade licence
- Solvency certificate
- Proof of land ownership (deed, receipt, holding number)
- If the place of business is a rented property, the applicant will have to submit rental agreement. In this case, a security deposit worth the bill value of six months is required.
- Design of the proposed internal line (4 copies)
- Technical catalogue (for boiler, dryer, oven etc.)
  - If the catalogues are unavailable because the machineries are locally manufactured/assembled or old, then detailed drawings of the machineries in question will have to be submitted.
  - The prior commissioned load will have to be readjusted based on the load imposed by the machineries.

Due to an order of the Ministry of Power, Energy and Mineral Resources, new gas connections to commercial entities are not being provided. However, applications for new connections are being processed through a committee.

Useful links:

- <https://www.titasgas.org.bd/>
- <http://www.bgdcl.org.bd/>

### Electricity connection

A commercial consumer can get access to electricity by filing an online application. Depending on the consumer's location, Dhaka Electricity Supply Company Limited (DESCO), West Zone Power Distribution Company Limited (WZPCL), Northern Electricity Company Limited (NESCO) or the Rural Electrification Board (REB) is authorised to provide a new connection. The same set of documents are required for getting electricity in any part of Bangladesh.

Documents required:

Commercial and industrial customers:

- Signed copy of the application form.
- Two attested passport size photographs.
- National ID/copy of passport.
- Attested copy of registered deed of ownership/occupancy.
- In the absence of the land's owner, a succession certificate will be required.
- If the applicant already has a connection for a location, and is seeking another connection for that same location, a bill copy and no other documents will be required.
- Fire certificate if the building exceeds 10 stories.
- Attested copy of the building plan approved by RAJUK (Capital Development Authority)/City corporation.
- Attested copy of document regarding holding no. issued by City Corporation/competent authority (if necessary).
- In case of an HT connection, certificate from the Electric Licence Board and layout plan of the meter room.

### Water supply/sewerage

Dhaka Water Supply and Sewerage Authority (WASA), under the Ministry of Local Government and Rural Development & Cooperatives is responsible for supplying water in major cities.

Documents required:

- Filled in application form
- Building plan, site plan and ownership document of land
- Land clearance or mutation certificate
- Existing or proposed plumbing system

Useful links

- <http://dwaso.org.bd/>
- <http://ctg-wasa.org.bd/>

### Import and export

An investor who wants to export and import permissible items without restrictions on value and quantity needs the following documents:

- Import Registration Certificate (IRC)
- Export Registration Certificate (ERC)

The Chief Controller of Import and Export (CCIE) is the issuer of these documents.

For industrial undertakings, BIDA issues recommendations to the CCIE so that an Import Permit may be issued for an investor for importing capital machinery and availing tax rebate.

### Import Registration Certificate (IRC)/Import Permit (IP) – Industrial

For industrial purpose, **BIDA issues recommendations to the CCIE** in favour of the investor. An investor has to reach out to BIDA for a recommendation after the installment of capital machinery.

Documents required:

- Trade Licence
- Membership Certificate from recognised Chamber/Trade Association
- Tax Identification Number
- Bank Certificate
- Memorandum and Articles of Association
- Certificate of Incorporation (in case of Limited Company)

### Import Registration Certificate (IRC) – Commercial

Documents required:

- Trade Licence
- Membership Certificate from recognised Chamber/Trade Association
- Tax Identification Number
- Bank Certificate
- Memorandum and Articles of Association
- Certificate of Incorporation (in case of Limited Company).

### Export Registration Certificate (ERC)

Documents required:

- Trade Licence
- Membership Certificate from recognised Chamber/Trade Association;
- Tax Identification Number
- Bank Certificate
- Memorandum and Articles of Association and Certificate of Incorporation

Useful links

- <https://olm.ccie.gov.bd/>
- [www.ccie.gov.bd](http://www.ccie.gov.bd)

### Registration with Export Promotion Bureau (EPB)

Export from Bangladesh is liberal and does not require many formalities. Registration with the EPB is required for availing facilities related to Generalised System of Preferences (GSP) and for obtaining Certificate of Origin (CO) concerning SAARC Preferential Trading Arrangement (SAPTA), South Asia Free Trade Agreement (SAFTA) and Asia-Pacific Trade Agreement (APTA).



**Documents required:**

- Two attested copies of the applicant's passport size photograph
- Trade Licence
- Export Registration Certificate (ERC)
- Trade association membership certificate
- Bonded warehouse licence
- Pay Order
- Membership of concerned trade association
- Fire service licence
- Fire policy
- TIN certificate
- VAT certificate
- Memorandum of Article of Association (if necessary)
- BIDA registration letter (only for industrial purposes)
- Approved building layout plan and structural design from the concerned authority
- Group of insurance of the workers employed in the factory

**Registering with Chief Inspector of Factories and Establishment (CIFE)**

In order to regulate working conditions and ensure safety in the factory, any manufacturing or commercial establishment employing ten or more workers is to be registered under the Factories Act 1965 with the CIFE. Approval of Factory Plan and Certificate of Registration of Factories and Establishment are done concurrently. Renewal application must be filed within the prevailing year by Dec 31.

**Documents Required:**

- Land document (rent receipt/agreement if rental, tax receipt if owned)
- Site plan/layout plan or master plan
- Detailed construction plan
- Machine layout and flow chart of manufacturing process
- Trade Licence
- Electricity demand note
- Fee payment slip for factory registration
- Incorporation Certificate and Memorandum & Articles of Association

### Bonded warehouse licence

Bonded Warehousing facility allows export-oriented industries to import inputs/raw materials and packaging materials without paying any duty or tax. Depending on the types of inputs/raw materials used, the purpose of their use, and the type of exports, bonded warehouses are basically of two categories: Special bonded warehouse and general bonded warehouse.

- **Special bonded warehouse** applies to 100% export-oriented readymade garments industries, which include woven garments, knitwear and sweater manufacturing industries.
- **General bonded warehouse** applies to other 100% export-oriented industries.

As per the Customs Act, 1969, the National Board of Revenue (NBR) provides Bonded Warehousing benefits to a wide range of industries. There are a considerable number of Statutory Regulatory Orders (SROs)/standing orders and office orders issued by the NBR and the Customs Bond Commissioners on this matter.

Documents required:

- Application with appropriate revenue stamp
- BIDA/BSCIC registration certificate
- Company TIN and Certified copy of wealth statement issued by Income Tax Department (IT-10B) for all directors/owner
- Trade Licence
- Fire Licence
- Value added tax (VAT) Registration certificate (Business Identification Number-BIN)
- Recommendation by concern business association (if applicable). If applicant is not member of association, he can apply without recommendation for Bond Licence.
- Name, designation, present and permanent address, signature and photo attached/put on non-judicial stamp of value BDT 300/-of owner/directors. It should be duly notarised by competent authority and be attested by the lien bank(s).
- Boiler certificate (if applicable)
- Original copy of Memorandum and Article of Association and Certificate of Incorporation issued by RJSC&F (if applicant is a company)
- Purchase document for machinery. Invoice and Bills of Entry for import and VAT invoice for local purchase
- Two copies of layout plan of factory. It could be ammonia printed and duly signed by registered engineer
- Deed of land/space ownership or duly notarised rental deed (in case of rental space)
- Affidavit to follow the law, rules and procedures on non-judicial stamp of value BDT 300/-by Managing Director/Proprietor/Sole Partner. It could be duly notarised by competent authority
- Certificate from lien bank(s) that the applicant has financial strength to submit General Bond of appropriate amount of money
- Treasury receipt for deposited license fee (BDT 10,000/)

Useful links

- [http://www.bangladeshcustoms.gov.bd/trade\\_info/bonded\\_warehouse\\_ti](http://www.bangladeshcustoms.gov.bd/trade_info/bonded_warehouse_ti)

## Environmental clearance certificate

Before setting up a factory in Bangladesh, an investor must secure an environment clearance certificate from the Department of Environment (DOE). Industrial units and projects are classified into four categories considering their location and the environmental impact.

- Green
- Orange-A
- Orange-B
- Red

Read the DOE's procedure to see the industries listed under the above categories or visit <https://doe.portal.gov.bd/>.

Useful link

- Application form:<https://ecc.doe.gov.bd/>

## Work permit

Foreign nationals working in Bangladesh must have work permit. Companies must apply for a foreign employee's work permit within 15 days of his or her arrival. The application process is available online on BIDA's One Stop Service portal.

BIDA issues two categories of work permit:

- o Work permit for industrial project
- o Work permit for commercial enterprise including branch/ liaison/representative office

For industrial undertakings, the ratio of local and foreign employee should not be less than 20:1 respectively. For commercial offices, the ratio of local to foreign employee is 5:1.

**While issuing work permit, BIDA adheres to the following guidelines:**

- Only nationals of countries recognised by Bangladesh are considered for employment.
- Employment of expatriate personnel will be considered only in industrial/commercial establishments which are sanctioned/registered by the appropriate authority.
- Employment of foreign nationals is normally considered for the job for which local experts/technicians are not available.
- Persons below 18 years of age are not eligible for employment.
- A decision of the board of directors of the concerned company for new employment/employment extension is to be furnished in each case.
- The number of foreign employees should not exceed 5 percent in the industrial sector and 20 percent in commercial sector of the total employees, including top management personnel.
- Initially, employment of any foreign national is considered for a term of two years, which may be extended up to 5 years generally on the basis of merit of the case.
- Ministry of Home Affairs will issue necessary security clearance certificate.
- Paper clippings/vacancy announcement in a daily newspaper or print copy of online advertisement as a document of trying to explore local personnel prior to appointment of expatriate staff.
- Specific activities to be performed by the expatriate.

- Statement of manpower showing local and expatriate workers (name, nationality, gross monthly salary and date of joining).
- Encashment certificate of inward remittance of minimum US \$50,000.00 as initial establishment cost for branch/liaison/representative office and locally incorporated/joint venture and 100% foreign ownership companies (Attach if any).

### Visa recommendation

Before applying for a work permit, a VISA recommendation from BIDA is required. 'PI' visa is for private foreign investors and 'E' visa is for the employees of private and public organisation for both foreign and local entities. Read more about visa types and processes in **Chapter 5**.

Documents required:

#### **PI visa recommendation:**

- An application under the company's letterhead
- Copy of BIDA registration for industrial undertaking
- Copy of Memorandum & Articles of Association of the company
- Copy of Incorporation Certificate of the company
- Copy of Trade Licence
- Copy of income tax certificate
- Passport-sized photo of the expatriate
- Photocopy of the expatriate's full passport
- Board resolution for engaging the expatriate mentioning honorarium and other financial benefits
- Encashment certificate of inward remittance of minimum US \$50,000.00 as initial establishment cost for branch/liaison/representative office and locally incorporated/joint venture and 100% foreign ownership companies (attach if any).

*(Documents to be attested by the Managing Director/Partner/Proprietor of the company)*

#### **E-category visa recommendation:**

- Copy of Memorandum & Articles of Association of the company
- Copy of Incorporation Certificate of the company
- Copy of Trade Licence
- Copy of tax clearance of company/branch office
- Passport-sized photo of the expatriate
- Photocopy of the expatriate's full passport
- Board resolution for employment of the expatriate, mentioning salary and other financial benefits and intended period of employment
- Copy of offer letter/service contract/appointment letter/transfer order of the expatriate
- Copy of all academic/professional/experience certificates of the expatriate

Documents required for a new work permit:

**For industrial/commercial entities:**

- Permission letter of Branch/Liaison/Representative office or Memorandum & Articles of Association and certificate of incorporation in case of locally incorporated company.
- Board Resolution for employment of foreign nation(s) mentioning Expatriate's Name, Nationality & Passport Number.
- Visa Recommendation Letter of the Expatriate/Investors issued by BIDA.
- Copies of all academic qualification & professional experience certificate for the employee.
- Service contract/agreement and appointment letter/transfer order in case of employee.
- Passport of the Employee/Expatriate/Investor/(Whole of the used part).
- Statement of the manpower showing list of local & expatriate personnel employed with designation, salary break-up, nationality and date of first appointment.
- Encashment certificate of inward remittance of minimum US\$ 50,000.00 as initial establishment cost for branch/ liaison/representative office and locally incorporated/joint venture and 100% foreign ownership companies (attach if any).
- Up-to-date Income tax clearance certificate of the organisation.

## Security clearance

Once work permit is issued by BIDA, a copy of it will be sent to the Security Services Division (SSD) at the Ministry of Home Affairs. After verification, the Division will issue security clearance.

### Renewal, extension and cancellation

The requirements for the renewal, extension and cancellation of work permits are listed in BIDA's online One Stop Service portal.

Useful links

<https://bidaquickserv.org/>

# Banking and capital transfer

A non-resident can open a Foreign Currency Account (FCA) and Non-resident Foreign Currency Deposit (NFCD) account with any authorised dealer branch of a bank with the foreign currency brought from abroad. The balance of this account is freely transferable.

A foreign investor can also open and operate Taka account with any bank while he or she is a resident.

A non-resident can open a Non-resident Investor's Taka Account (NITA) with any authorised dealer with foreign currency remitted from outside the country through banking channel by transfer of funds from the NFCD account for portfolio investment in Bangladesh.

## Bringing in cash

Any amount of foreign currency may be brought in by an incoming passenger with declaration to the customs authorities in Form FMJ. No declaration is required for amounts up to USD 5,000 or equivalent. Amounts brought in can also be taken out freely.

## Transfer of capital and capital gain

Repatriation of sales proceeds, including capital gain, of shares of companies listed in a stock exchange in Bangladesh may be made through an Authorised Dealer, if such an investment takes place through Non-resident Investor's Taka Account (NITA) operation.

Remittance of sales proceeds of shares of companies not listed in a stock exchange requires prior permission from the Bangladesh Bank, which is accorded for amounts not exceeding the net asset value of shares.

Transfer of shares and securities from one non-resident to another non-resident requires no prior approval from Bangladesh Bank.

### **Transfer of shares and repatriation of sales proceeds of shares in favour of non-resident in public/private limited companies not listed with the stock exchanges:**

The sales proceeds of non-resident equity investment in public limited companies not listed with the stock exchanges and private limited companies are repatriable without any approval from the central bank under cases 1 & 2. No prior approval is required in case of 3, however the authorised dealer bank executing the transaction is required to take post facto approval from the central bank. FEID Circular No. 01, dated June 18, 2020 has been issued with the detailed procedure.

1. In cases where the valuation of the target company is determined through the net asset value approach based on the latest audited financial statements, there is no restriction on the amount of remittance from sales proceed.

The proposal shall be submitted to Authorised Dealer Bank along with the tax returns and an undertaking by the target company which should be countersigned by the auditor attesting that the audited financial statements do not contain any revalued assets, intangible assets, or expenses/losses shown as asset. The certificate should also specify that the impairment of assets have been adjusted. The Authorised Dealer bank should be satisfied that there was no unusual growth in total assets in any of last three years, particularly during the last year.

2. In cases where the remittance amount from sales proceed does not exceed BDT 10 million or equivalent foreign currency, professional valuation report issued by a merchant banker licensed by Bangladesh Securities and Exchange Commission (BSEC) or a chartered accountant listed by Bangladesh Bank is not required.

3. In cases where the remittance amount from sales proceeds is above BDT 10 million but less than or equal to BDT 100 million or equivalent foreign currency and the fair value of which is determined in terms of valuation methods prescribed in FEID Circular No. 1 dated May 06, 2018. Professional valuation report issued by a merchant banker licensed by Bangladesh Securities and Exchange Commission (BSEC) or a chartered accountant listed by Bangladesh Bank is required. AD banks are also required to submit post facto reports detailing the transactions to Foreign Exchange Investment Department at Bangladesh Bank Head Office within 30 days of remittances. A summary is provided below:

	Remittance amount from sales proceed		
Valuation Method	Up to BDT 10 million or equivalent foreign currency	BDT 10-100 million or equivalent foreign currency	Above BDT 100 million or equivalent foreign currency
Net Asset Value	No approval from BB	No approval from BB	No approval from BB
	No valuation report required from auditor/merchant bank	Auditors certification required	Auditors certification required
Weighted Average Method/or on any of the suitable approaches depending on the nature of the company, having justified ground	No approval from BB	No prior approval required from BB but post facto approval required	Prior Approval required from BB
	No valuation report required	Valuation report required from merchant bank/CA firm	Valuation report required from merchant bank/CA firm

It is to be noted that paragraph 2(A) and 2(B), Chapter-9 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 set out the requirement to notify the Foreign Exchange Investment Department of Bangladesh Bank within 14 days of share issuance/transfer in favour and/or by nonresident investors along with relevant documents.

Target companies are required to comply with the provision of Chapter-9 of GFET paragraph 2(A) and 2(B) and submit the mentioned documents to the AD bank when proposal for repatriation from sales proceeds of shares in favor of non-resident in public/private limited companies not listed with the stock exchanges are made.

**Useful link:**

<https://www.bb.org.bd/aboutus/regulationguideline/foreignexchange/fegv1cont.php>

Apart from the above mentioned three cases, the sales proceeds of non-resident equity investment in public limited companies not listed with the stock exchanges and private limited companies are repatriable with prior approval from the central bank based on the fair value determined in terms of valuation methods prescribed in FEID Circular No. 1 dated May 06, 2018. The authorised dealer shall forward such permission request for repatriation of sales proceeds of shares along with required documents to Foreign Exchange Department (FEID) of the Bangladesh Bank. As per the provisions, inter alia, of the circular:

I. The fair value of shares shall be determined by weighted average calculation of all the three valuation approaches (viz. net asset value approach, market value approach and discounted cash flow approach) or on any of the suitable approaches depending on the nature of the company, having justified ground.

II. The MoU between buyer and seller needs to be concluded on receipt of approval from Bangladesh bank regarding determination of the fair value of shares.

III. Independent professional valuation report from a merchant banker licensed by Bangladesh Securities and Exchange Commission (BSEC) or a chartered accountant listed by Bangladesh Bank is not mandatory if the applied value for repatriation does not exceed BDT 10 million or the net asset value is higher than the deal value.

IV. In case for share transfer from non-resident to non-resident and resident to non-resident, are subject to fair value determined by merchant banker licensed by BSEC or a chartered accountant, for sales/transfers value of shares exceeding BDT 1 million. Resident share holder receiving payment against sales of shares shall submit valuation report to the authorised dealer and MoU for share sale-purchase agreement together with Form-C for encashment for inward remittances on account of sales proceeds of shares. The nonresident investor shall submit documents to the authorised dealer bank as per Paragraph 2(B), Chapter-9 of GFET. The AD shall report the share transactions to the Foreign Exchange Investment Department of the central bank with the details of documents within fourteen days of the transfer of shares.

It is to be noted that in cases of the transfer of sales proceeds in favour of non-resident in public/private limited companies not listed with the stock exchanges will be required to follow the provisions mentioned in Paragraph 2 (A) & (B) of Chapter-9 from the Guideline of Foreign Exchange Transaction and submit relevant documents mentioned to the Authorised dealer bank.

**Useful link:**

<https://www.bb.org.bd/mediaroom/circulars/circulars.php>



## Remittance of royalty and technical assistance fees

Industrial enterprises may enter into agreements with entities outside the country about payment of royalty, technical know-how/technical assistance fees if the total fees and other expenses do not exceed:

- a) 6% of the previous year's sales as declared in the tax return
- b) 6% of the cost of imported machinery in case of new projects

These agreements must be registered with BIDA. Agreements that do not conform the above guidelines will require prior permission of BIDA.

## Transfer of profit and dividend

### Profits

Branches of foreign firms, companies incorporated in Bangladesh and having foreign investment including foreign banks, insurance companies and financial institutions are free to remit post-tax profits to their head offices through an authorised dealer. However, branch offices other than banks and insurance companies need permission from BIDA and the Bangladesh Bank for remitting profit.

### Dividend

Remittance of dividend income to non-residents in respect of their investments in Bangladesh can be made through an authorised dealer. The remittable dividend is permissible to be credited to foreign currency accounts maintained by non-resident shareholders in Bangladesh as per FE Circular No. 29 of July 21, 2020. The investors can invest balances in their FC accounts for purchasing securities or can remit it.

Within one month of executing remittance of dividend, ADs are required to forward details of the remittances to Foreign Exchange Investment Department at Head Office of Bangladesh Bank for post facto checking.

## Repatriation of savings, retirement benefits and salary of foreign employees

Foreigners employed in Bangladesh may remit 75% of monthly salary, savings and admissible retirement benefits through an authorised dealer. Net salary of foreign national payable for the period of leave admissible as per service contract duly approved by the government will be remittable.

# Winding up of business

Remittance of proceeds arising out of liquidation of industrial undertaking requires prior approval of the Bangladesh Bank.

## Repatriation of residual money payable to foreign shareholders

To remit residual money payable to foreign shareholders by the court or subject to supervision of the court, the authorised dealer has to submit an application to the Foreign Exchange Investment Department (FEID) of the Bangladesh Bank. The application must contain a relevant court order, a certificate issued by liquidator/official receiver or such other eligible person and other necessary documents confirming that all liabilities in Bangladesh have been fully paid.

In case of voluntary winding up of a company, the authorised dealer shall also apply to FEID with all relevant documents to remit money abroad payable to foreign shareholders. Procedures in details have been embodied in the FEID circular no-1, dated Feb 5, 2020 of Bangladesh Bank.

### Useful link

- [www.bb.org.bd/Mediaroom/circulars/circulars.php](http://www.bb.org.bd/Mediaroom/circulars/circulars.php)

## Borrowing

### Local sources

Bank may extend working capital loans or term loans in local currency to foreign-controlled or foreign-owned companies operating in Bangladesh. On the basis of prevailing credit norms and normal banker-customer relationship, the term loans in Taka can also be obtained provided that the following requirements are met:

- a) The term loan in Taka does not exceed the amount of equity of the company held by Bangladesh nationals.
- b) Total debt of the company does not exceed the equity of the company. Banks are free to grant local currency loans to Joint Venture industries in Export Processing Zones (EPZ) up to the amount of short term foreign currency loans obtained from abroad.

### Foreign sources

Borrowing from abroad requires prior permission from BIDA and Bangladesh Bank. For approval of foreign loan, application in prescribed form has to be submitted to BIDA. The application is then raised for approval in the Scrutiny Committee Meeting headed by the Governor of the Bangladesh Bank.

Repayment of principal and interest on approved foreign currency loan can be conducted through an authorised dealer. Projects that are 100% foreign-owned and located in the EPZ may however obtain foreign currency loans from overseas banks and financial institutions without prior approval of BIDA or Bangladesh Bank.

**Documents required**

- Copy of BIDA registration letter
- Loan/supply agreements between the parties
- Board resolution of the company
- Repayment period along with detailed schedule
- Grace period of the proposal
- Calculation of the effective rate of interest
- Feasibility report of the project
- Detailed financial analyses
- Internal rate of return (IRR), break-even analysis, payback period, sensitivity analysis, debt service coverage ratio analysis
- Certified copy of the Memorandum and Articles of Association
- Copy of incorporation certificate
- Relevant equity forms (CIB-1A, CIB-2A, CIB-3A) and undertaking from the sponsor directors duly filled in for collection of CIB report from Bangladesh
- Proforma invoice/price quotation through international tender for importing capital machinery
- Bank certificate as to indebtedness and credit worthiness of the borrowing company and its sponsors based in the latest CIB report
- Certificate from BRTC or BUET in terms of quality, price and economic life or capital machinery to be imported (in case of suppliers credit only)
- Encashment certificate, C-form and Bangladesh Bank report to be collected from the authorised dealer bank
- Utilisation of the said loan with proper banking documents
- Equity encashment certificate of the project with proper banking documents
- Credential of the sponsors
- Track record of FDI including foreign borrowing

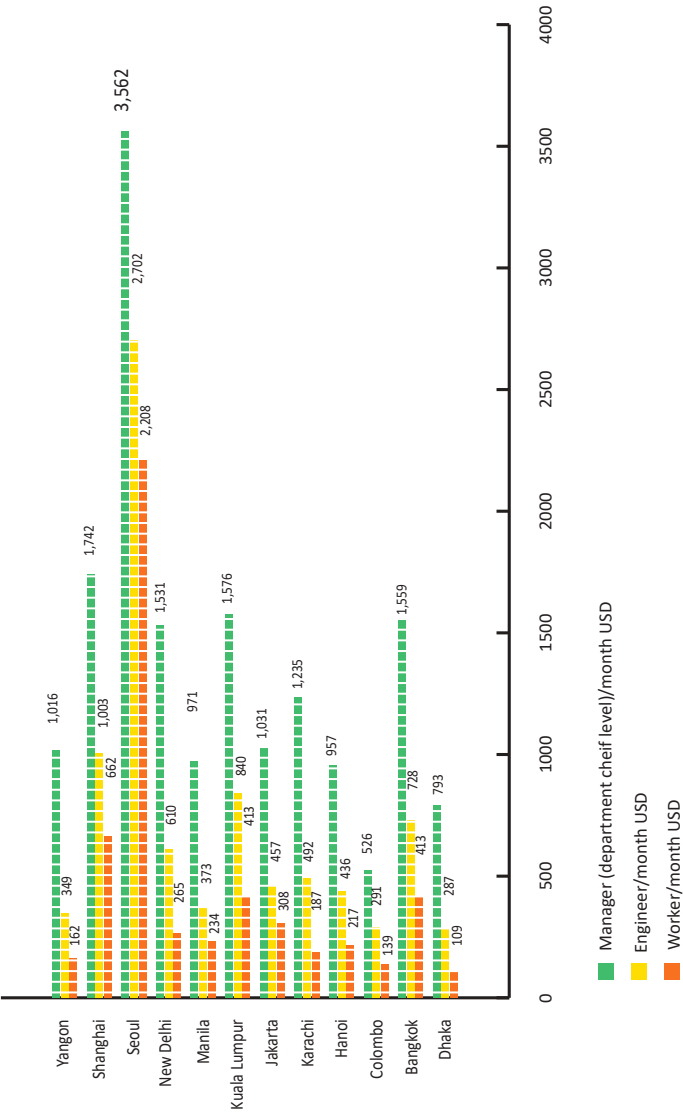
## ► Chapter 3

# Cost of Doing Business

Bangladesh is recognised as the land of high corporate profitability, where the intention to expand business operations is felt strongly among investors. In a survey<sup>1</sup> of 33 cities in Asia and Oceania, Dhaka was among the least costly in nearly all elements.

Costs in major cities and regions in Asia

MONTHLY SALARY IN USD



<sup>1</sup>JETRO 2018 Survey

Wages/rates	Dhaka	Bangkok	Colombo	Hanoi	Karachi	Jakarta	Kuala Lumpur	Manila	New Delhi	Seoul	Shanghai	Yangon
Worker/ month USD	109	413	139	217	187	308	413	234	265	2,208	662	162
Engineer/ month USD	287	728	291	436	492	457	840	373	610	2,702	1,003	349
Manager (department chief level) /month USD	793	1,559	526	957	1,235	1,031	1,576	971	1,531	3,562	1,742	1,016
Bonus	1.78 months of basic salary	2.84 months of basic salary	1.77 months of basic salary	1.56 months of basic salary	2.90 months of basic salary	1.97 months of basic salary	2.10 months of basic salary	1.64 months of basic salary	1.08 months of basic salary	2.93 months of basic salary	2.00 months of basic salary	1.16 months of basic salary
Legal min. wage/ month	95 / month	9.64-10.3 2 /day	54 / month 2.17 /day	183 / month	116.59 /month 4.50/ day	279/ month	12.35 /day 1.29 /hour 288 /month	9.62- 10.33/day	Unskilled: 201 /month Semi-skilled: 222 / month Skilled: 244/ month	1,558 /month	353/ month	3.13 /day
Nominal wage increase rate	2015/16: 6.52% 2016/2017: 6.50% 2017/2018: 6.46%	2015: 7.3% 2016: 7.9% 2017: 9.5%	2015: 7.3% 2016: 7.9% 2017: 9.5%	N.A.	2013/14: 8.6% 2014/15: 13.8% 2017/18: 7.8% *No survey in 2015- 2017	2017:8.3% 2019:8.0% 2018:8.7%	Manager 2016: 5.55% 2017: 5.55% 2018: 4.88% Non-Manager 2016: 5.51% 2017: 5.44% 2018: 4.88%	2016: 2.08-2.25% 2018: 4.88-5.26% 2017: 4.28-4.63%	2015:10.2% 2016:10.0% 2017:9.0%	2015: 3.31% 2018: 4.52% 2016: 3.82 % 2017: 2.32%	2015: 8.9% 2016: 9.5% 2017: 9.7%	N.A.
Industrial Land purchase price/m2	62-340	215	Foreigners and foreign companies are not permitted to purchase land.	Foreigners and foreign companies are not permitted to purchase land.	62	150- 170	100	Foreigners and foreign companies are not permitted to purchase land.	65-104	343	175	Foreigners and foreign companies are not permitted to purchase land.

Chapter 3: Cost of Doing Business

Wages/Rates	Dhaka	Bangkok	Colombo	Hanoi	Karachi	Jakarta	Kuala Lumpur	Mamila	New Delhi	Seoul	Shanghai	Yangon
Industrial estate rent/m2/month	(10.10-0.18 land lease in EPZ (2). 60-2.75 Factory lease in EPZ	7.20- 7.82	0.1	0.16-0.25	0.01	4.96- 3.54	3.12	4.42- 4.81	4.14- 14	0.18	5.25	0.13- 0.14
Office rent /m2/ month	13-28	19-27	38	24-42.4	22	19-25	24	26	21	57	28-32	40
Housing rent for foreigner/ USD month	953- 3,574	1,064 -3,754	1,789	1,300- 4,000	3,167	3,300-3,332	1,489	1,250	1,439	2,232	2,014	2,300
Electricity rate for business use/kwh	Basic monthly charge: 0.19- 1.00 Rate: 0.05- 0.17	Basic monthly charge: 9.76 Peak Rate: 0.08 Off-Peak Rate: 0.16	Basic monthly charge: 1.3-16 Office: 1.3-16 Rate: 0.04-0.12 Indus- try: 0.06-0.07 Of- fice: 0.01-0.12	Basic monthly charge: Nil Rate: Man- ufacturing 0.04-0.12 Distribu- tion & Service 0.06-0.19	Rate: 0.09-0.13	Basic monthly charge: Nil Rate: 0.07	Basic monthly charge: 146 Peak Rate: 0.09 Off-Peak Rate: 0.05	Basic monthly charge: Nil Rate: 0.21	Basic monthly charge: 3.6/kVA Rate: 0.10 Semi-skilled: 222/ month Skilled: 244/ month	Basic monthly charge: Office 5.50 Industry 4.96 Rate: Office 0.06-0.09 Industry 0.05-0.07	Basic monthly charge: Nil Rate: 0.11-0.12	Basic monthly charge: Nil Rate: 0.05-0.10
Electricity rate for general use/kwh	Basic monthly charge: 0.31- 0.63 Rate: 0.04- 0.13	Basic monthly charge: 1.19 Rate: 0.10-0.14	Basic monthly charge: 0.16- 2.93 Rate : 0.01-0.24	Basic monthly charge: Nil Rate : 0.07-0.13	Rate: 0.01-0.13	Basic monthly charge: Nil Rate: 0.10/	Basic monthly charge: 0.73 Rate: 0.05 -0.14	Basic monthly charge: Nil Rate: 0.10	Basic monthly charge :1.80-3.60/k- VA Rate: 0.04-0.1 1/kVA	Basic monthly charge: 0.81-6.52 Rate: 0.08-0.25	Basic monthly charge: Nil Rate: 0.05-0.14	Basic monthly charge: Nil Rate: 0.02-0.03
Water for business use/m3	Basic monthly charge: Nil Rate: 0.49	Basic monthly charge: 2.82 Rate: 0.30-0.49	Rate: 0.4 Service Charge: depend on usage	Basic monthly charge: Nil Rate: Manufac- turing 0.53 Distribution & Service 1.01	Rate: 0.38	Basic monthly charge: 4.91 Rate: 0.89	Basic monthly charge: 8.76 Rate: 0.50-0.55	Basic monthly charge: 17 Rate per: 1.68	Basic monthly charge: 19 Rate: 2.53	Basic monthly charge: Industry 0.81 Office 0.99-1.59	Basic monthly charge: Nil Rate: 0.72-0.73	Basic monthly charge: Nil Rate: 0.57

Wages/rates	Dhaka	Bangkok	Colombo	Hanoi	Karachi	Jakarta	Kuala Lumpur	Manila	New Delhi	Seoul	Shanghai	Yangon
Water rate for general use/m3	Basic monthly charge: Nil Rate: 0.15	Basic monthly charge: 1.41 Rate: 0.27-0.45	Rate: 0.07 Service Charge: Nil depend on usage	Basic monthly charge: Nil Rate: 0.24-0.73	Basic monthly charge: 16 Rate: depend on living space floor	Basic monthly charge: 1.37 Rate: 0.69	Basic monthly charge: 1.46 Rate: 0.14-0.49	Basic monthly charge: 2.76 Rate: 1.00	Basic monthly charge: 4.21 Rate: 0.63	Basic monthly charge: 0.51-9.93 Rate: 0.65-1.25	Basic monthly charge: Nil Rate: 0.50-0.85	Basic monthly charge: Nil Rate: 0.29
Gas rate for business	Basic monthly charge: Nil (1) Natural Gas Rate: 0.03-0.20/m3 (2) LPG Gas Rate: 1.11/kg	Basic monthly charge: Nil Rate: 0.66/kg	Basic monthly charge: Nil Rate: 0.75/kg	Basic monthly charge: Nil Rate: 1.12/kg	6.57/mmbtu Rate: depends on usage	Basic monthly charge: Nil Rate: 9.2/mmbtu (0.34/m3)	Basic monthly charge: Nil Rate: 7.44-8.14 /mmbtu (0.26-0.29/m3)	Basic monthly charge: Nil Rate: 1.13-1.14/kg	Basic monthly charge: Nil Rate: 0.92/kg	Basic monthly charge: Nil Rate: 0.0143/MJ 0.0138/MJ industry 0.0126/MJ	Basic monthly charge: Nil Rate: 0.47-0.56 /m3	Basic monthly charge: Nil Rate: 0.80/kg
Gas rate for general use/m3	Basic monthly charge: Nil (1) Natural Gas Rate: 0.13/m3 (2) LPG Gas Rate: 1.09/kg	Basic monthly charge: Nil Rate: 0.66/kg	Basic monthly charge: Nil Rate: 0.75-0.82/kg	Basic monthly charge: Nil Rate: 1.12/kg	1-12/mmbtu Rate: depends on usage	Basic monthly charge: Nil Rate: 0.82/kg	Basic monthly charge: Nil Rate: 5.77/mmbtu (0.20/m3)	Basic monthly charge: Nil	Basic monthly charge: Nil	Basic monthly charge: 0.76 Rate: 0.014/MJ	Basic monthly charge: Nil Rate: 0.44-0.61/m3	Basic monthly charge: Nil Rate: 0.92/kg
Corporate Tax %	(1) Listed Company: 25% (2) Unlisted Company: 32.5%	20%	28%	20%	29%	25%	17-24%	30	30%	National Tax: 10-25% Local tax: 1-2.5%	25%	25%
Personal income tax rate (highest) %	30%	35%	24%	Resident: 35% Non-Resident: 20%	25%	30%	28%	35%	30%	42%	45%	25%
VAT rate (Standard) %	5-15%	7%	15%	10%	17%	10%	Sales tax: 10% Service tax: 6%	12%	5-28%	10%	0-16%	5%



Name clearance and company registration fees

The following are fees for availing the services of the Registrar of Joint Stock Companies and Firms (RJSC&F).

Name clearance fee (for each of the proposed name)

- a) Company: BDT 200.00
- b) Partnership firm: BDT 200.00
- c) Society: BDT 1000.00
- d) Trade organisation: BDT 200.00

Fees for registration

Private company

For the Memorandum of Association: BDT 1000.00  
For the Articles of Association:

For Authorised Capital	(BDT)
Up to 20,00,000.00	3,000.00
Over 20,00,000.00 to 6,00,00,000.00	8,000.00
Over 6,00,00,000.00	20,000.00

Registration fee

For filing 6 documents (5 filled in forms plus 1 (one) Memorandum & Articles of Association, BDT 400.00 per document): BDT 2,400.00

Authorised Capital (BDT)	Fee (BDT)
Up to 20,000.00	00.00
Additional for every 10,000.00 or part after first 20,000.00 up to 50,000.00	00.00
Additional for every 10,000.00 or part after first 50,000.00 up to 10,00,000.00	00.00
Additional for every 1,00,000.00 or part after first 10,00,000.00 up to 50,00,000.00	50.00

Authorised Capital (BDT)	Fee (BDT)
Additional for every 1,00,000.00 or part after first 50,00,000.00	80.00

No fee for required for issuing digital certificate.

#### Public company

For the Memorandum of Association: BDT 500.00

For the Articles of Association:

Authorised Capital (BDT)	Fee (BDT)
Up to 20,00,000.00	4,000.00
Over 20,00,000.00 up to 6,00,00,000.00	8,000.00
Over 6,00,00,000.00	20,000.00

#### Registration fee

For filing 8 or 9 documents (7 or 8 filled in forms plus 1 memorandum & articles of association, BDT 400.00 per document): BDT 3,2000 or BDT 3,600.00

Authorised Capital (BDT)	Fee (BDT)
Up to 20,000.00	00.00
Additional for every 10,000.00 or part after first 20,000.00 up to 50,000.00	00.00
Additional for every 10,000.00 or part after first 50,000.00 up to 10,00,000.00	00.00
Additional for every 1,00,000.00 or part after first 10,00,000.00 up to 50,00,000.00	50.00

Authorised Capital (BDT)	Fee (BDT)
Additional for every 1,00,000.00 or part after first 50,00,000.00	80.00

No fee required for issuing digital certificate.

**Foreign company**

For filing 6 documents (1 memorandum and articles of association BDT 400.00 and 5 other documents BDT 400.00 per document): BDT 2,400.00

For Memorandum of Association & Article of Association: BDT 2,000.00

**Trade organisation**

For the Memorandum of Association: BDT 1,000.00

For the Articles of Association: BDT 2,000.00

**Registration Fee:**

For filing 6 documents (5 filled in forms for BDT 200.00 per document plus 1 memorandum & articles of association for BDT 600.00): BDT 1,600.00

No. of members of association	Fee (BDT)
Up to 20:	1,000.00
Over 20 to 100:	2,500.00
For every 100 or part above the first 100 (limited member):	300.00
For unlimited members:	7,500.00

**Society (Societies Registration Act, 1860)**

Registration Fee: BDT 1000.00

Registration Filing Fee: BDT 400

No fee required for issuing of digital certificate.

**Partnership firm (Partnership Act, 1932)**

Registration fee: BDT. 1000.00

Registration Filing Fee: BDT 400.00

No fee required for issuing of digital certificate.

## Filing returns

### Companies (Private and Public)

#### Returns filing

For filing any document within the schedule time: BDT 200.00 per document

In case of delay of 3 (three) years, for every year or part thereof: BDT 500.00

In case of more than 3(three) years: BDT 700.00 per year

#### Registration of Mortgage, Debentures and Charges

Secured Amount (BDT)	Fee (BDT)
Up to 5,00,000.00	250.00
Additional for every 5,00,000.00 or part after the first 5,00,000.00 up to 50,00,000.00	200.00
Additional for every 5,00,000.00 or part after the first 50,00,000.00	100.00
Mortgage, Debentures and charges register inspection fee	200.00
Receiver enrollment register fee	400.00

### Foreign company

#### Returns Filing

Any document within schedule time: BDT 400.00 per document

Any document beyond schedule time: BDT 2.00/day

(not exceeding BDT 1,000/document)

Registration of Mortgage, Debentures and Charges

Secured Amount (BDT)	Fee (BDT)
Up to 5,00,000.00	300.00
Additional for every 5,00,000.00 or part after the first 5,00,000.00 up to 50,00,000.00	200.00
Additional for every 5,00,000.00 or part after the first 50,00,000.00	100.00
Mortgage, Debentures and charges register inspection fee	200.00
Receiver enrollment register fee	400.00

Trade organisation

Returns Filing

For filing any document within the schedule time: BDT 200.00 per document
In case of delay of 3 years BDT 500.00 for every year or part there of
In case of more than 3(three) years: BDT 700.00 per year

Registration of Mortgage, Debentures and Charges

Secured Amount (BDT)	Fee (BDT)
Up to 5,00,000.00	300.00
Additional for every 5,00,000.00 or part after the first 5,00,000.00 up to 50,00,000.00	200.00
Additional for every 5,00,000.00 or part after the first 50,00,000.00	100.00

Societies

For filing any document: BDT 400.00 per document
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Partnership firm

For filing form 2, 5 or 6:	BDT 400.00 each.
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## Issuance of Certified Copies

**Private Company, Public Company, Trade Organisation and Foreign Company, Society and partnership firm**

- a. Non-judicial stamp fee
  - i. For Memorandum of Association or part there of: BDT 50.00
  - ii. For Articles of Association or part thereof: BDT 50.00
  - iii. For other documents: BDT 50.00 per document
- b. Court fee (stamp) - per application per company: BDT 20.00
- c. Fees
  - i. For inspection of records: BDT 200.00
  - ii. Registration fee for copies of certificate: BDT 200
  - iii. For copy of certificate of commencement of business: BDT 200.00
  - iv. Copying of documents for each 100 words or part: BDT 10.00 subject to a minimum of BDT 200.00
  - v. Comparison of document each 100 words or part: BDT 10.00 subject to a minimum of BDT 200.00 of each document

## Winding Up

For any required or permitted document for winding up: BDT 400 per document

Source: Registrar of Joint Stock Companies and Firms

## Office permission

Fee following approval of new branch/liaison/representative office BDT 25,000

The following payment methods can be used: BIDA One Stop Service online payment gateway (credit card: VISA/MasterCard), mobile banking app Bkash or counter payment at Sonali Bank.

Source: One-Stop Service, Bangladesh Investment Development Authority

Fire licence

Fee varies according to the type of factory and as per the assessment of the inspector. The range is between BDT 1,000 and BDT 8,000 plus 15 percent VAT. A fire licence must be renewed every year.

Source: Bangladesh Fire Service and Civil Defense

Trade licence fees

Limited company Paid up capital (BDT)	Fee
Up to 100,000	Tk 1,000
Over 100,000 to 500,000	Tk 1500
Over 500,000 to 10,00,000	Tk 2000
Over 10,00,000 to 25,00,000	Tk 2,500
Over 25,00,000 to 50,00,000	Tk 3000
Over 50,00,000 to 100,00,000	Tk 4000
Over 100,00,000 to 500,00,000	Tk 5000
Over 500,00,000	Tk 10,000

Bank, insurance and financial institutes	Fee
Scheduled bank	Tk 3,000
Insurance	Tk 3,000
Lending body	Tk 3,000
Money exchange	Tk 1,500
Share buying & selling	Tk 2,000

Factories (if not a limited company)	Fee
Tannery	Tk 3,000
Garments	Tk 3,000
Pharmaceuticals	Tk 2,000
Bread and biscuit	Tk 500
Cold storage	Tk 1,500
Beverage	Tk 2,000
Mineral water	Tk 1,000
Ceramics	Tk 1,000

- i) Signboard fee is 30 percent of the trade license fee.
- ii) VAT on licence fee and signboard fee is 15 percent.
- iii) Fee for annual renewal of trade licence is same as a new one.

Source: Local Government Division, gazette issued on Nov 4, 2002

## Registration of industrial projects with BIDA

Based on the invested capital, the fee for BIDA registration should be submitted using the following payment methods: OSS online payment gateway (credit card: VISA/MasterCard), mobile banking app Bkash or counter payment at Sonali Bank.

Invested capital (BDT)	Fee (BDT)
1 to 100,000,000	5000
100,000,001 to 250,000,000	10,000
250,000,001 to 500,000,000	25,000
500,000,001 to 1,000,000,000	50,000
1,000,000,001 to 1,000,000,000,000,000	100,000

The fee for making changes to the registration letter is BDT 1000.

Source: One Stop Service, Bangladesh Investment Development Authority

## VAT registration certificate

Value added tax can be paid online at <https://vat.gov.bd/>

Annual turnover (BDT)	Turnover tax (%)
Less or equal to 300,00,00	None
Over 300,00,00 to 800,00,00	3%
Over 800,00,00	15%

Source: National Board of Revenue

## Industrial plots and factories

Price of land in most of the industrial estates/areas is relatively lower than the market rate. These estates are furnished with necessary infrastructure and utility facilities such as electricity, gas, water, sewerage etc. Industrial plots are allotted by BEPZA, BEZA and BSCIC in industrial areas developed by them.

Plots in other industrial estates/areas, owned by the government or owned/controlled by any local authority, are allotted on the recommendation of BIDA. Quality construction materials including civil, structural and architectural design and labour force are locally available in every part of the country. Moreover, international construction firms are also present.



Chapter 3: Cost of Doing Business

Fully serviced industrial plots and standard factory buildings are offered by BEPZA as per the rates stated below:

Cost heads	Unit (1 sq.m= 10.76 sq.ft)	USD
Land in EPZs (30 years renewable lease) (average size 2000 sqm)		
Dhaka, Chattogram, Cumilla, Adamjee & Karnaphuli	Sq.m/year	2.20
Mongla, Ishwardi, Uttara	Sq.m/year	1.25
Standard Factory Building Rental		
EPZs: Dhaka, Chattogram, Cumilla, Adamjee & Karnaphuli	Sq.m/month	2.75
EPZs: Mongla, Ishwardi, Uttara	Sq.m/month	1.60

Source: Bangladesh Export Processing Zones Authority (BEPZA)

Cost of utilities

Electricity

The authorities concerning electricity are the Bangladesh Power Development Board (BPDB) and the Rural Electrification Board (REB). Depending on the consumer’s location, Dhaka Electricity Supply Company Limited (DESCO), West Zone Power Distribution Company Limited (WZPCL), Northern Electricity Company Limited (NESCO) or the Rural Electrification Board (REB) is authorised to provide a new connection.

- For all clients, 11:00pm to 5:00pm (next day) are the off-peak hours and 5:00pm to 11:00 pm are the peak hours.

BPDB & DESCO

Temporary Connection	Fee (BDT)
Application Fee	BDT 250 -1000
Permanent Connection	Fee (BDT)
Application Fee	BDT 100-2000
Security Deposit /KW load 220-440	BDT 400-1000
Instruments, Transformers, Service Line Drawing, Bay Extension, Installation as per rate (at consumer end)	

**Tariff per unit (excluding VAT, SD)**

	BDT/Kilowatts per hour	BDT/KW/month
Pump used in irrigation/agriculture	4.00	15
<b>Residential Rate</b>	<b>BDT/Kilowatts per hour</b>	<b>BDT/KW/month</b>
00 to 50 units	3.75	30
50 to 75 units	4.19	
76 to 200 units	5.72	
201 to 300 units	6.00	
301 to 400 units	6.34	
401 to 600 units	9.98	
Above 600 units	11.46	
<b>Small industries</b>	<b>BDT/Kilowatts per hour</b>	<b>BDT/KW/month</b>
Flat Rate	8.53	30
Off-Peak Time	7.68	
Peak Time	10.24	
<b>Non-Residential (LT) Commercial/Office</b>	<b>BDT/Kilowatts per hour</b>	<b>BDT/KW/month</b>
Flat Rate	10.30	60
Off-Peak Time	9.27	
Peak Time	12.36	
	<b>BDT/Kilowatts per hour</b>	<b>BDT/KW/month</b>
Construction	12	100

**Non-Residential (MT) (11 KV)**

<b>Commercial/ Office</b>	<b>BDT/Kilowatts per hour</b>	<b>BDT/KW/month</b>
Flat Rate	9.12	60
Off-Peak Time	8.21	
Peak Time	11.40	
<b>Industrial</b>	<b>BDT/Kilowatts per hour</b>	<b>BDT/KW/month</b>
Flat Rate	8.55	60
Off-Peak Time	7.70	
Peak Time	10.69	

Construction	BDT/Kilowatts per hour	BDT/KW/month
Flat Rate	11.46	100
Off-Peak Time	10.31	
Peak Time	14.33	

Pump used in irrigation/agriculture	BDT/Kilowatts per hour	BDT/KW/month
Flat Rate	11.46	60
Off-Peak Time	10.31	
Peak Time	14.33	

### Non-Residential (HT) (33 KV)

Commercial/Office	BDT/Kilowatts per hour	BDT/KW/month
Flat Rate	9.12	60
Off-Peak Time	8.21	
Peak Time	11.28	

Industrial	BDT/Kilowatts per hour	BDT/KW/month
Flat Rate	8.45	60
Off-Peak Time	7.61	
Peak Time	10.56	

Source: Bangladesh Energy Regulatory Commission's Circular no. 28.01.0000.012.04.003.20.652 issued on Feb 27, 2020  
[Tariffs may change periodically]

### Gas connection

Following are the companies transmitting and distributing natural gas in designated franchise areas of Bangladesh.

- Titas Gas Transmission and Distribution Company Limited
- Bakhraabad Gas Distribution Company Limited
- Jalalabad Gas Transmission and Distribution System Limited
- Pashchimanchal Gas Company Limited
- Karnaphuli Gas Transmission Limited
- Sundarban Gas Transmission Limited

The application fee for a new gas connection is BDT 300, which is subject to periodic revisions. The application can be submitted online.

Category	BDT/cubic meter
<b>Commercial</b>	17.04
<b>Industrial</b>	7.76
<b>Household</b>	
1) Meter based	11.20
2) One burner (fixed)	900
3) Double burner (fixed)	950

Source: Bangladesh Energy Regulatory Commission; Public Order issued on Feb 23, 2017

## Water and sewage

Water Supply and Sewerage Authority (WASA) is responsible for Water Supply and Sewage disposal in metropolitan areas of Dhaka, Chattogram, Khulna and Rajshahi. In other municipal areas, local municipalities provide the services. Application for a new connection can be submitted online.

Dhaka WASA supplies potable water to the city consumers at the following rate:

User Type	BDT/1000 liter
Residential/Domestic	14.46
Commercial/Industrial	40

Source: Notice by Dhaka WASA, issued April 2020

Chattogram WASA supplies potable water to the city consumers at the following rate:

User Type	BDT/1000 gallon
Residential/Domestic	56.56
Commercial/Industrial	137.72

## New Connection Charge – Dhaka

Dhaka WASA fees and charges (considering 10m distance from street supply line)	
Water and sewer supply (size)	Charge/fee (BDT)
37mm (1.5 inches)	41,196
25mm (1.0 inch)	14,836
20mm (3/4 inch)	10,616

Source: Dhaka WASA

### New Connection Charge – Chattogram

Cost heads	Connection size (fixed fee in BDT)				
	¾"	1"	2"	4"	6"
Connection fee	1,500	4,000	40,000	60,000	60,000
Meter price	3,500	6,000	20,000	30,000	1,00,000
Meter fitting charge	300	500	3,000	6,000	10,000
Security deposit	5,000	10,000	20,000	30,000	50,000
Deposit for non-residential connections	40,000	80,000	2,00,000	8,00,000	10,00,000
Service charge	3,000	5,000	20,000	50,000	50,000
Connection relocation fee	6,000	12,000	15,000	20,000	25,000

Source: Chattogram WASA Office Order issued on Dec 22, 2016

## Import and export

### Import Registration Certificate/Import Permit – Industrial & commercial

Importers are classified into 6 (six) categories by the Office of the Controller of Imports and Exports (CCIE) on the basis of their value ceiling of overall annual import. The initial category-wise registration fees and annual renewal fees are as below:

Category	Value ceiling of annual import (BDT)	Registration fee (BDT)	Renewal fee
First	5,00,000	5,000	3,000
Second	25,00,000	10,000	6,000
Third	50,00,000	18,000	10,000
Fourth	1,00,00,000	30,000	15,000
Fifth	5,00,00,000	45,000	22,000
Sixth	Over 5,00,00,000	60,000	30,000

(Passbook fee is BDT 1,000 + 15% VAT is applicable for all types of fees)

### Export Registration certificate

	Initial registration fees (BDT)	Renewal fees (BDT)
Exporter	7,000.00	5,000.00
Indentor	40,000.00	20,000.00

(Passbook fee is BDT 1,000 + 15% VAT is applicable for all types of fees)

**BIDA's recommendation for Industrial IRC (Import Registration Certificate)**

Cost of Project (BDT)	Fee (BDT)
1,00,000	500
5,00,000	2500
15,00,000	4000
50,00,000	8000
1,00,00,000	15000
1,00,00,001 and above	20000

Source: One Stop Service, Bangladesh Investment Development Authority

**Bonded warehouse licence**

Bonded warehouse facilities are subject to yearly entitlement. Yearly entitlement is allowed based on production capacity of capital machinery and previous year's performance (i.e. export and usage of raw materials) of the bonder. However, direct exporters in the RMG sector are not required to have annual entitlement.

**Requirement of General Bond:** Bonded warehouse licence holders are needed to submit general bond of differing values to Customs in order to clear their consignments. Commissioner of Customs may increase the value of General Bond. At present, value of general bond for different types of bond licence holders are as follows:

- (a) Deemed Exporter: BDT. 10,000,000
- (b) Direct exporters (Knit, Woven, Sweater): BDT 30,000,000
- (c) Both Deemed and Direct Exporter: BDT 20,000,000
- (d) Diplomatic, Duty Free and Duty paid Bond: BDT 30,000,000

Bond licence fee: BDT 10,000

Source: Bangladesh Customs

Environment clearance certificate

Project Cost in BDT	Fees in BDT	
	Clearance	Renewal
1,00,000 - 5,00,000	1,500	375
5,00,000 - 10,00,000	3,000	750
10,00,000 - 1,00,00,000	5,000	1,250
1,00,00,000 - 5,00,00,000	20,000	5,000
5,00,00,000 - 20,00,00,000	40,000	10,000
20,00,00,000 - 50,00,00,000	80,000	20,000
50,00,00,000 - 100,00,00,000	1,20,000	30,000
100,00,00,000 - 200,00,00,000	2,00,000	50,000
200,00,00,000 - 500,00,00,000	3,00,000	75,000
500,00,00,000 - 1000,00,00,000	4,00,000	1,00,000
Above 1000,00,00,000	5,00,000	1,25,000

Work permit

Related Services on BIDA’s One-Stop Service	BDT
Work Permit Fee per person (new industry)	5000
Work Permit extension	5000
Work Permit Fee per person (commercial enterprises)	3000
Extension Fee per person per year (commercial enterprises)	1000

Source: Bangladesh Investment Development Authority

Remittance

Technical Assistance/Technical know-how/Royalty

Amount of Remittance (BDT)	Fee (BDT)
Up to 10,00,000	5,000
From 10,00,001 to 50,00,000	10,000
From 50,00,001 to 1,00,00,000	50,000
From 1,00,00,001 to 5,00,00,000	1,00,000
From 5,00,00,001 to 10,00,00,000	2,00,000
10,00,00,001 and above	5,00,000

Source: Bangladesh Investment Development Authority

## Foreign Borrowing

Amount of Loan Borrowed (BDT)	Fee (BDT)
Up to 1,00,00,000	5,000
From 1,00,00,001 to 5,00,00,000	10,000
From 5,00,00,001 to 10,00,00,000	20,000
From 10,00,00,001 to 25,00,00,000	50,000
From 25,00,00,001 and above	1,00,000

Source: Bangladesh Investment Development Authority

## Licence of Establishment

The Department of Inspection for Factories and Establishments (DIFE) is a department under the Ministry of Labour and Employment. This department is responsible for ensuring welfare, safety and health of valuable human resources working in various sectors.

Application for License of Establishment is placed through the Labour Inspection Management Application (LIMA).

Maximum number of workers to be employed on any day during the year	License Fee (BDT)	Renewal (BDT)
5-30	500	300
31-50	1000	700
51-100	1500	51000
101-200	2500	1800
201-300	3000	2200
301-500	5000	3500
501-750	6000	4800
751-1000	8000	5000
1001-2000	10000	7000
2001-3000	12000	8400
3001-5000	15000	10000
Above 5001	18000	12000

Source: Department of Inspection for Factories and Establishments (DIFE)



Port tariffs

Chattogram Port Authority (CPA)

The CPA imposes and collects various fees and charges for services and facilities offered to shipping companies, importers, exporters and other stakeholders at the Chattogram sea port. Such fees and charges include - landing charge, port handling charge (for port functions), port demurrage charge (in case of non-clearance after a certain period), river dues/anchorage charge, pilotage charge etc.

Landing fees		
Particulars of goods	Basis of charge	Rates (BDT)
Import cargo	(per 1000kg or part there of to over 20,000kg)	46-250
Export cargo	(per 1000kg or part ther of to over 20,000kg)	36-250

Charges to the account of the shipper/consignee/shipping agent

River dues (conventional cargo)		
Particulars of goods	Basis of charge	Rates (BDT)
Import	per 1000kg or part thereof	34
Export	per 1000kg or part thereof	15
Domestic	per 1000kg or part thereof	10

Charges to the account of the shipper/consignee/shipping agent

River dues (containerised)			
		Rates (BDT)	
Particulars of charges	Basis of charges	Not exceeding 21 feet length	Exceeding 21 feet length
1. FCL container and contents			
a) Import	Per container	408	816
b) Export	Per container	184	368
2. FCL container and contents			
a) Import	per 1000kg or part thereof	34.10	-
b) Export	per 1000kg or part thereof	-	15.30
3. Empty container			
a) Import	Per container	102	102
b) Export	Per container	102	102

Charges to the account of the shipper/consignee/shipping agent

Stuffing/unstuffing		
Particulars of charge	Basis of charge	Rates (BDT)
Stuffing	per 1000kg or part thereof of contents	300
Unstuffing	per 1000kg or part thereof of contents	300

Charges to the account of the shipper/consignee/shipping agent

Pilotage fee
At the rate of USD 35.75 per 1000 GRT or part thereof, subject to a minimum of USD 357.50 for inward or outward pilotage or for movement in a dry dock.
An additional fee of 50 percent of the pilotage fee specified above shall be charged in respect of vessels breaking journey in Gupta Khal in order to take delivery of bunkers at the Tanker mooring.

Dues and charges to the account of the owner/agent/charterer of the vessel

- All CPA tariff information at: <http://www.cpa.gov.bd/site/page/bd7e38f1-2442-401d-8999-d7bc0e11f834/->
- Mongla Port Tariff: [http://www.dpp.gov.bd/upload\\_file/gazettes/18092\\_21562.pdf](http://www.dpp.gov.bd/upload_file/gazettes/18092_21562.pdf)

## Benapole Land Port

### Handling charges

	Particulars of charges	Basis of charges	Rate of Charges 2020 (BDT)
1.	Off-loading from any kind of transport & stacking/re-stacking inside shed/yard by manual labour	Per tonne or part thereof	41.61
2.	Loading from shed/yard into road transport by manual labour	Per tonne or part thereof	41.61
3.	Loading/off-loading by equipment	Per tonne or part thereof	99.81

### Other charges

	Particulars of charges	Basis of charges	Rate of Charges 2020 (BDT)
1.	<b>Entrance fee</b>		
	Truck/bus & lorry	Per unit per entry	137.81
	Motor car, jeep, pick-up & three-wheeler	Per unit per entry	82.69
2.	<b>Carpenter charge</b>		
	For opening and closing of packaged cases for appraisement/inspection	Per package/case	8.36

	Particulars of charges	Basis of charges	Rate of Charges 2020 (BDT)
	Weight/measurement charge (if applicable)	Per truck/lorry	66.15
	Documentation charge(for preparation of additional documents viz, Warehouse charges, Challan/Release order etc. when delivery of consignment is not carried out by the party within due date)	Per document	145.56
	Haltage charge (if transport remains in warehouse area)	Per transport per night	83.13

For tariff schedule of other land ports, visit  
<http://www.bsbk.gov.bd/site/page/1dcfbe94-cab7-470a-bb72-bf35f4e08b4a/->

Source: Bangladesh Land Port Authority

### Biman Bangladesh Airlines

Importers and exporters pay charges for using airport warehouse facilities. In addition, Biman charges forklift fee for goods weighing more than 100 kilograms. For storing dangerous goods, there is an additional fee of USD 100.

Dhaka's Hazrat Shahjalal International Airport has two cargo terminal buildings for import and export facilities:

- Import Terminal
- Cargo Village (export)

For information on fees/charges imposed for imported goods, contact Import Section, Biman Cargo Complex, Hazrat Shahjalal International Airport, Dhaka.

Call +880 2 8901500-19, Ext.-25

For charges/fees on export goods, contact Cargo village (export), Hazrat Shahjalal International Airport, Dhaka

Call +880 2 8901500-19, Ext.-2507

Source: Bangladesh Customs

## ► Chapter 4

# Paying Taxes

The National Board of Revenue (NBR) is the authority for administering taxes in Bangladesh. NBR is responsible for tax formulation, appraisal, tax laws and tax treaties with foreign countries. NBR's main responsibility is to collect revenue such as import/export related duties and taxes, Excise Duties, Travel Tax, Supplementary Duty, VAT and income taxes.

### Tax year and returns submission

Taxpayers must maintain accounting year (income year) from July 1 to June 30 for tax reporting.

However, banks and financial institutions including insurance bodies can maintain different accounting year. Branch offices of foreign entities, foreign companies and companies with significant foreign equities are allowed to have different accounting year for tax reporting.

Companies have to submit tax return before next January 15 (for accounting year ending June 30) or July 15 (for accounting year ending December 31). Companies which are allowed other accounting year have to submit tax return within six months after completing the accounting year.

Taxpayers other than companies need to submit tax return by November 30.

Corporate Tax Rate		
	Category	Tax Rate
1	Publicly traded companies	25%
2	Non-publicly traded companies	32.5%
3	Banks, Insurance and other Financial Institutions excluding Merchant Banks	
	a) Publicly traded companies	37.5%
	b) Non-publicly traded companies	40%
4	Merchant banks	40%
5	Companies involved in production of Tobacco and Tobacco products	45%
6	Mobile phone operators (If the company offers at least 10% of equity to public and becomes a publicly traded company then the tax rate will be 40%)	45%
7	On received dividend	20%
8	Capital gain tax rate	15%
9	Turnover tax (This is not an additional tax but a minimum tax if regular tax on business income is less than turnover tax)	a. 0.6% of gross receipts b. 1% of gross receipts for companies involved in tobacco c. 2% of gross receipts for companies involved in mobile operator business

## Tax Exemption

Tax exemption is allowed for priority sectors set by the government, details of which are included in tax laws, Rules, Statutory Regulatory Orders (SRO) and orders made by NBR.

Newly set up, eligible industrial undertakings are allowed tax exemption either for 5 years or 10 years depending on their location within the country.

### Industrial undertakings

Below is a list of industrial undertakings eligible for Tax exemption under Section 46BB of the Income Tax Ordinance. The government may include new categories of industrial undertaking through gazette notification.

i) active pharmaceuticals ingredient and radio pharmaceuticals; (ii) agriculture machineries; (iii) automatic bricks; (iv) automobile; (v) barrier contraceptive and rubber latex; (vi) basic components of electronics (e.g. resistor, capacitor, transistor, integrated circuit, multilayer PCB etc.); (vii) bi-cycle including parts thereof; (viii) bio-fertilizer; (ix) biotechnology based agro products; (x) boiler including parts and equipment thereof; (xi) compressor including parts thereof; (xii) computer hardware; (xiii) furniture; (xiv) home appliances (blender, rice cooker, microwave oven, electric oven, washing machine, induction cooker, water filter etc.); (xv) insecticides or pesticides; (xvi) leather and leather goods; (xvii) LED TV; (xviii) locally produced fruits and vegetables processing; (xix) mobile phone; (xx) petro-chemicals; (xxi) pharmaceuticals; (xxii) plastic recycling; (xxiii) textile machinery; (xxiv) tissue grafting; (xxv) toy manufacturing; (xxvi) tyre manufacturing; (xxvii) Electrical transformer; (xxviii) Artificial fiber or manmade fiber manufacturing; (xxix) Automobile parts and components manufacturing; (xxx) Automation and Robotics design, manufacturing including parts and components thereof; (xxxi) Artificial Intelligence based system design and/or manufacturing; (xxxii) Nanotechnology based products manufacturing; (xxxiii) Aircraft heavy maintenance services including parts manufacturing.

### Five year

If the project is located in the divisions of Dhaka and Chattogram, excluding the districts of Dhaka, Narayanganj, Gazipur, Chattogram and the hill districts of Rangamati, Bandarban and Khagrachari districts, the period of tax exemption is for five years, which will begin in the month of commencement of commercial production at the following rate.

Period of Exemption	Rate of Exemption
For the first year	90% of income
For the second year	80% of income
For the third year	60% of income
For the fourth year	40% of income
For the fifth year	20% of income

Ten year

If the project is located in the divisions of Rajshahi, Khulna, Sylhet, Barishal Divisions (excluding city corporation areas) or in the districts of Rangamati, Khagrachari and Bandarban, the period of tax exemption period will be for 10 years, which will begin in the month of commencement of commercial production at the following rate.

Period of Exemption	Rate of Exemption
For the first and second year	90% of income
For the third year	80% of income
For the fourth year	70% of income
For the fifth year	60% of income
For the sixth year	50% of income
For the seventh year	40% of income
For the eighth year	30% of income
For the ninth year	20% of income
For the tenth year	10% of income

Tax benefits for investment in Economic Zones (EZ)

Except income generated from production of edible oil, sugar, flours, cement, iron and iron related products, all other business income is exempted from income tax for the next 10 years from the date of commercial operation in the following manner:

Year	Exemption % of Income
1st, 2nd and 3rd	100%
4th year	80%
5th year	70%
6th year	60%
7th year	50%
8th year	40%
9th year	30%
10th year	20%

- Tax exemption for 10 years on dividend declared by entities operating in SEZ.
- Tax exemption on capital gains derived from share transfer of the companies in SEZ for 10 years.
- Foreign workers will get 50% of tax exemption for 3 years from the date of employment.

### Tax benefits for developers of EZ

Business income is exempted from Income tax for the next 12 years from the date of commercial operation in the following manner:

Year	Exemption % of Income
1st to 10th year	100%
11th year	70%
12th year	30%

### Tax benefits for investing unit of Hi-Tech Park Zone

Business income is exempted from Income tax for the next 10 years from the date of commercial operation in the following manner:

Year	Exemption % of Income
1st, 2nd and 3rd	100%
4th year	80%
5th year	70%
6th year	60%
7th year	50%
8th year	40%
9th year	30%
10th year	20%

- 50% Tax exemption for 10 years on dividend declared by entities operating in Hi-Tech Park.
- 50% Tax exemption on capital gains derived from share transfer of the companies in Hi-Tech Park for 10 years.
- Foreign workers will get 50% of tax exemption for 3 years from the date of employment.

### Tax benefits for developing units in Hi-Tech Park

Business income is exempted from income tax for the next 12 years from the date of commercial operation in the following manner:

Year	Exemption % of Income
1st to 10th year	100%
11th year	70%
12th year	30%



**Tax exemption for Public Private Partnership (PPP) project**

The government has introduced tax exemption for Public Private Partnership (PPP) works carried out by Project Companies involved in the following types of projects:

1. National highways or expressways and related service roads

2. Flyovers

3. Elevated and At-Grade Expressways

4. River bridges

5. Tunnels

6. River port

7. Sea port

8. Airport

9. Subway

10. Monorail

11. Railway

12. Bus terminals

13. Bus depots

14. Elderly Care Home
- 100% Income tax exemption of the business income of PPP Project for 10 years.
  - Income tax exemption of capital gains arising from the transfer of share capital of PPP Project Company for 10 years.
  - Foreign workers will get 50% of tax exemption for 3 years from the date of employment.

**Export Processing Zones**

At present following exemptions are available on tax payable:

- For a period of 5 years if the industry is set up in Export Processing Zones (EPZ) Dhaka and Chattogram divisions excluding Rangamati, Bandarban and Khagrachari districts;
- For a period of 7 years if the said EPZ is set up in Rajshahi, Khulna, Sylhet and Barishal divisions and Rangamati, Bandarban and Khagrachari districts

Area	Year	Exemption % of Income
Dhaka, Mymensingh and Chattogram divisions excluding Rangamati, Bandarban and Khagrachari districts	1st and 2nd year	100%
	3rd and 4th year	50%
	5th year	25%
Rajshahi, Khulna, Sylhet and Barisal divisions and Rangamati, Bandarban and Khagrachari districts	1st, 2nd and 3rd year	100%
	4th, 5th and 6th year	50%
	7th year	25%

[The information above is in accordance with the Finance Act 2020]

**Double Taxation treaties**

Double Taxation Treaties (DTTs) are bilateral agreements that protect the income of foreign investors from being taxed in two different countries. Bangladesh has DTTs with 34 countries.

Belgium	Malaysia	The Netherlands	Oman
Canada	Pakistan	UK	Saudi Arabia
China	Poland	USA	Mauritius
Denmark	Romania	Norway	UAE
France	Singapore	Turkey	Myanmar
Germany	Republic of Korea	Vietnam	Belarus
India	Sri Lanka	Philippines	Kuwait
Italy	Sweden	Indonesia	
Japan	Thailand	Switzerland	

## ► Chapter 5

# Applying for Visa

### Types of Visa

Before applying for work permit, an expatriate must get a visa.

BIDA or any other applicable authority will provide recommendations required for obtaining 'PI', 'E2', 'E3' and 'B' visas as per the Visa Policy 2019 and other existing rules and regulations.

A Bangladesh mission then issues visa following examination of the application and documents. Recommendation from local sponsor/partner may be considered while issuing 'B' visas.

BIDA issues recommendations for PI, E2, E3 visas in favour of foreign nationals.

Please visit [www.visa.gov.bd](http://www.visa.gov.bd) to apply. A complete list of visa fees applicable to nationals of different countries is available on this website.

#### **Below are the types of visa related to business in Bangladesh:**

- **'PI'** visa is for foreign private investors for both industrial and commercial enterprises.
- **'FPI'** visa is for the spouse and dependent family members of 'PI' visa holders.
- **'E2'** visa is for the employees of private or public organizations both foreign and local companies.
- **'FE2'** visa is for the spouse and dependent family members of 'E2' visa holders.
- **'E3'** visa is for the technicians arriving in Bangladesh for the purpose of supply/installation/maintenance/supervision of equipment and inspection of project or similar assignments who need to stay for short periods and do not require work permits.
- **'FE3'** is for the spouse and dependent family members of 'E3' visa holders
- **'B'** visa is for businessmen and their representatives who explore and monitor businesses, usually for a short period.

## Type, duration and conditions for visa

Type	Purpose and eligibility	Duration/fees /conditions	Required documents
<b>PI</b> (Private investor)	Foreign investor investing in industrial/commercial establishment under 100% foreign ownership or on joint venture in non-government sector	<ul style="list-style-type: none"> <li>- Up to one year with multiple entry</li> <li>- Visa may be extended up to 5 years</li> <li>- Passport should have validity of minimum 180 days.</li> <li>- 'No visa required' facility for investment of at least \$5 million upon certification from BIDA/ BEZA/Hi-tech Park/PPPAB and other applicable authorities in Bangladesh.</li> </ul>	<p><b>First visa:</b></p> <ul style="list-style-type: none"> <li>- Filled up application form;</li> <li>- Copy of passport;</li> <li>- Recommendation from BIDA/ BEZA/Hi-tech Park/concerned Ministry/ PPPAB and other applicable authorities that the investor is a bonafide investor;</li> <li>- Detailed business plan with proposed business activities, amount of investment, generation of local employment and local establishment etc.</li> </ul> <p><b>Extension:</b></p> <ul style="list-style-type: none"> <li>- As above;</li> <li>- Visa and arrival stamp pages of passport;</li> <li>- Recommendation from BIDA/ BEZA/Hi-tech Park/concerned Ministry/ PPPAB and other applicable authorities about the continuity of investment in Bangladesh;</li> <li>- Business registration particulars (certificate of incorporation and tax payment certificate) of the company receiving investment;</li> <li>- Work permit of BIDA/BEZA/BEPZA/Hi-tech Park/PPPAB and other applicable authority if investor works in his own company.</li> </ul>
<b>FPI</b> (Dependent family members of persons of category PI)	<p><b>Purpose:</b> Staying with family</p> <p><b>Eligibility:</b> Spouse and dependent children/legal guardian of children/legal family member of persons of Category PI</p>	<ul style="list-style-type: none"> <li>- Coterminous with principal visa holder.</li> <li>- Extension of visa is coterminous with principal visa holder.</li> <li>- Employment in Bangladesh prohibited, exception of which may lead to cancellation of visa and adoption of legal measures.</li> <li>- Passport should have validity of minimum 180 (one hundred eighty) days</li> </ul>	<ul style="list-style-type: none"> <li>- Filled up application form;</li> <li>- Copy of passport;</li> <li>- Copy of passport of principal visa holder;</li> <li>- Request letter from the concerned organisation;</li> <li>- Registered marriage certificate for spouse and birth certificate for dependent children.</li> </ul> <p><b>Extension</b></p> <ul style="list-style-type: none"> <li>- As above;</li> <li>- Visa and arrival stamped pages of passport;</li> <li>- Police report</li> </ul>

## Chapter 5: Applying for Visa

Type	Purpose and eligibility	Duration/fees /conditions	Required documents
<b>B (Business)</b>	<b>Purpose:</b> <ul style="list-style-type: none"> <li>- Analysing investment potential</li> <li>- Participating in business related board meeting, general meeting, technical meeting etc.</li> <li>- Recruiting manpower from Bangladesh</li> <li>- Participating in trade fair, exhibitions and for discussion on these activities</li> <li>- Quality verification of Bangladeshi products</li> <li>- Negotiation with suppliers for placing orders</li> <li>- Acting as tour conductor</li> <li>- Enhancing academic network</li> <li>- Foreign partners of the business or functioning as directors in the company.</li> </ul> <b>Eligibility:</b> Business visitors visiting for the abovementioned purposes	<ul style="list-style-type: none"> <li>- Up to one year with multiple entry facility, 30 (thirty) days per entry</li> <li>- Visa may be extended up to two years, 30 days stay per entry</li> <li>- Employment in Bangladesh prohibited, exception of which may lead to cancellation of visa and adoption of legal measures</li> <li>- Passport should have validity of minimum 180 days</li> </ul>	<b>First visa:</b> <ul style="list-style-type: none"> <li>- Filled up application form</li> <li>- Copy of applicant's passport</li> <li>- Invitation letter from business organisation registered in Bangladesh</li> <li>- Certificate of incorporation, trade license of the inviting/concerned organisation</li> <li>- Tax payment certificate of the inviting organisation</li> <li>- Recommendation letter from concerned chamber of commerce of applicant's country</li> </ul> <b>Extension:</b> <ul style="list-style-type: none"> <li>- As above</li> <li>- Recommendation letter from concerned Chamber of Commerce or association in Bangladesh</li> <li>- Police report</li> <li>- Passport pages containing visa and arrival stamp</li> </ul>
<b>E2 (Employment)</b>	<b>Purpose:</b> Employment in Bangladesh  <b>Eligibility:</b> <ol style="list-style-type: none"> <li>1. Expatriates working in National/International/ Govt/Semi-government/ autonomous/private industrial/commercial organisations/branch offices/liaison offices</li> <li>2. Expatriates working under contractor including EPC contractor/sub-contract or in projects of the government/semi-government/autonomous bodies of Bangladesh</li> </ol>	<ul style="list-style-type: none"> <li>- Up to (6) six months with multiple entry facility</li> <li>- Visa maybe extended as follows:               <ol style="list-style-type: none"> <li>a) Duration of work permit with additional 15 (fifteen) days</li> <li>b) 30 (thirty) days if work permit/police clearance is under process</li> <li>c) Further extension as per renewed work permit [with additional 15 (fifteen) days]</li> </ol> </li> <li>- Passport should have validity of minimum 180 (one hundred eighty) days</li> </ul>	<b>First visa</b> <ul style="list-style-type: none"> <li>- Filled up application form</li> <li>- Copy of applicant's passport</li> <li>- Recommendation letter from the concerned organisation</li> <li>- Work permit from BIDA/BEZA/Hi-Tech Park/PPPAB and other applicable authorities.</li> </ul> <b>Extension</b> <ul style="list-style-type: none"> <li>- Filled up application form</li> <li>- Copy of applicants passport with visa and arrival stamped pages</li> <li>- Recommendation letter from concerned organisation</li> <li>- Work permit from BIDA/BEZA/Hi-Tech Park/PPPAB and other applicable authorities.</li> <li>- Police report except for expatriates working in projects of government/semi-government/ autonomous bodies of Bangladesh</li> <li>- TIN certificate (1st extension)</li> <li>- Income tax clearance certificate (2nd extension and onwards)</li> </ul>

Type	Purpose and eligibility	Duration/fees /conditions	Required documents
<b>FE2 (Dependent family members of persons of category E2)</b>	<b>Purpose:</b> Staying with family <b>Eligibility:</b> Spouse and dependent children/legal guardian of children/legal family members of persons in category E2	<ul style="list-style-type: none"> <li>- Coterminous with principal visa holder.</li> <li>- Extension of visa is coterminous with principal visa holder.</li> <li>- Employment in Bangladesh prohibited, exception of which may lead to cancellation of visa and adoption of legal measures.</li> <li>- Passport should have validity of minimum 180 (one hundred eighty) days</li> </ul>	<ul style="list-style-type: none"> <li>- Filled up application form;</li> <li>- Copy of passport;</li> <li>- Copy of passport of principal visa holder;</li> <li>- Recommendation letter from the concerned organisation;</li> <li>- Registered marriage certificate for spouse and birth certificate for dependent children.</li> </ul> <b>Extension</b> <ul style="list-style-type: none"> <li>- As above;</li> <li>- Visa and arrival stamped pages of passport;</li> <li>- Police report.</li> </ul>
<b>E3 (Employment)</b>	<b>Purpose:</b> Employment in Bangladesh <b>Eligibility:</b> Arriving for the purpose of machinery and software supply installation/maintenance supervision/project inspection	<ul style="list-style-type: none"> <li>- Up to 6 (six) months with multiple entry with staying condition of 90 (ninety) days per stay</li> <li>- Visa may be extended as follows: <ul style="list-style-type: none"> <li>a) Duration of work permit with additional 15 (fifteen) days</li> <li>b) 30 (thirty) days if work permit/police clearance is under process</li> <li>c) Further extension as per renewed work permit [with additional 15 (fifteen) days]</li> </ul> </li> <li>- Passport should have validity of minimum 180 (one hundred eighty) days</li> </ul>	<b>First visa</b> <ul style="list-style-type: none"> <li>- Filled up application</li> <li>- Bio page of the passport</li> <li>- Recommendation letter from concerned Ministry/BIDA/BEZA/BEPZA/Hi-tech park/PPPAB and other applicable authorities</li> </ul> <b>Extension</b> <ul style="list-style-type: none"> <li>- Filled up application form</li> <li>- Copy of passport</li> <li>- Visa and arrival stamped pages of passport</li> <li>- Work permit</li> <li>- Police report</li> <li>- TIN certificate (1st extension)</li> <li>- Income tax clearance certificate (2nd extension and onwards)</li> </ul>
<b>FE3 (Dependent family members of persons of category E3)</b>	<b>Purpose:</b> Staying with family <b>Eligibility:</b> Spouse and dependent children/legal guardian of children/legal family members of persons in category E3	<ul style="list-style-type: none"> <li>- Coterminous with principal visa holder.</li> <li>- Extension of visa is coterminous with principal visa holder.</li> <li>- Employment in Bangladesh prohibited, exception of which may lead to cancellation of visa and adoption of legal measures.</li> <li>- Passport should have validity of minimum 180 (one hundred eighty) days</li> </ul>	<ul style="list-style-type: none"> <li>- Filled up application form;</li> <li>- Copy of passport;</li> <li>- Copy of passport of principal visa holder;</li> <li>- Recommendation letter from the concerned organisation;</li> <li>- Registered marriage certificate for spouse and birth certificate for dependent children.</li> </ul> <b>Extension</b> <ul style="list-style-type: none"> <li>- As above;</li> <li>- Visa and arrival stamped pages of passport;</li> <li>- Police report.</li> </ul>

Source: Security Services Division, Ministry of Home Affairs, (Excerpt from Circular No. 58.00.0000.041.06.005.18-1655);

Note: FE2, FE3 and FPI visas are provided by relevant visa approving authorities.

### Mandatory visa conditions

- Bangladesh mission is generally the visa issuing authority for the first visa including 'No Visa Required (NVR)'. The Security Services Division, Ministry of Home Affairs is in charge of approving an application for the conversion of VoA to another visa category.
- Application for an extension of visa has to be made 1 (one) month before the expiry of the visa. If application is lodged after the expiry date, penalty shall be applicable on the ground of overstay. Extension of visa in the same category and allowing exit permit will be executed by the Security Services Division, Department of Immigration and Passports (DIP).
- Visa will be granted on the basis of relevant visa notifications. In case of bilateral agreements and arrangements with other countries, visa will be issued in line with the agreements/arrangements. Principal of reciprocity is to be followed.
- PI, E2, E3 visas are among those categories that may be issued with maximum duration for the respective category.
- Valid visa on an old passport can be transferred to a new passport upon application with payment of fees equivalent to US \$50.00.
- In case a report is required for issuance or extension of visa, the concerned agency shall provide the report within 15 working days of receiving the request from the visa authority. If no report is received during the specified period, visa issuing authority will take decision taking into consideration that the agency has no objection on the granting or extension of the visa.

Source: Security Services Division, Ministry of Home Affairs, (Excerpt from Circular No. 58.00.0000.041.06.005.18-1655);

### Visa on Arrival

Visa on arrival (VoA) facility will be provided to foreign nationals with the objective of promoting tourism, facilitating foreign investment, trade and business.

VoA may be issued up to 30 days with single entry upon arrival by the immigration authority at the designated entry points of Bangladesh.

- a) VoA may be issued to the citizens of those countries where there is no diplomatic representation of Bangladesh and the purposes of the arrival being government duties, business, investment and tourism.
- b) VoA may be issued to businesspersons of any country on the basis of invitation/recommendation from BIDA, BEPZA, BEZA, Hi-tech Park, PPPAB and other applicable authorities and any other reputed organisation of Bangladesh. Inviting organisation has to inform immigration authorities at the designated entry before arrival.
- c) For the purpose of government duties, tourism, business, investment, VoA may be issued by the immigration authorities at the designated entry points to visitors from Nepal, Singapore, Malaysia, Indonesia, China, Japan, South Korea, Brunei, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Egypt, USA, Canada, Brazil, Australia, New Zealand, Russia, Turkey, UK and EU countries upon satisfactory verification of all necessary documents.

### **VoA procedures**

- a) Visa fee should be paid in prescribed foreign currency.
- b) An arriving national must have at least US \$500/equivalent foreign currency in cash/credit card except when arriving for government duty.
- c) VoA fee will not be charged for citizens of those countries where visa fee is not applicable.
- d) VoA fee is applicable to the citizens of the countries except those for which VoA is allowed on the basis of reciprocity or agreement/arrangement.

### **Changing visa category**

- a) VoA can be converted to E2, E3, PI categories upon submission of all relevant documents as per visa circular. Additional visa fee equivalent to US\$100 per person will be applicable per visa.
- b) Application for the change of category should be submitted to the Security Services Division, Ministry of Home Affairs, within 15 (fifteen) days of arrival.
- c) In case of conversion, the newly converted visa in Bangladesh shall be considered as the first visa of that particular category.
- d) VoA facility shall be extended to foreign national arriving in Bangladesh for not more than twice in a calendar year.

Source: Security Services Division, Ministry of Home Affairs  
(Excerpt from Circular No. 58.00.0000.041.06.005.18-1656)



## ► Chapter 6



# Sector Overviews

The sectors that poses the greatest potential to drive the diversification of Bangladesh's economy are described in the National Industrial Policy-2016. The policy has categorised 7 sectors as high-priority and 24 sectors as priority. Besides, the policy also lists key service industries and industrial undertakings. Trade Policy in Bangladesh is operated under the jurisdiction of Export Policy 2018-2021 and Import Policy 2018-21. Under the Export Policy 2018-21, 13 sectors have been identified as Highest priority sector, while 19 have been categorised as Special development sector.

\* Photo Courtesy: Western Marine Shipyard, Chattogram

## Chapter 6: Sector Overviews

This chapter discusses all the high-priority sectors and a selection of priority sectors. Incentive mentioned here are subject to revision upon annually enacted finance act and individual statutory regulatory orders (SROs). Companies located in EZs/EPZs are entitled for different sets of incentive package of tax exemption.

Overview	National Industrial Policy 2016 Sector Status	Export Policy 2018-21 Sector Status
Readymade Garments	High-priority	Highest priority (high value added RMG, denim & accessories)
Information Technology	High priority	Highest priority (software, ITes & ICT products)
Pharmaceuticals	High-priority	Highest priority
Active Pharmaceutical Ingredients	High-priority	Highest priority
Healthcare Services	Priority	
Medical Equipment	Priority	
Agro Processing	Priority	Highest priority
Jute & Jute Products	High-priority	Highest priority
Leather & Footwear	High-priority	Highest priority
Light Engineering	High-priority	Special Development (auto parts, bicycle, motorcycle, battery)
Electronics & Electrical Equipment	Priority	Special Development
Plastic	Priority	Highest priority
Automobile	Priority	
Motorcycle & Parts	Priority	
Shipbuilding	Priority	Highest priority (ship & ocean going, fishing trawlers)
Construction Material	Priority	
Ceramics	Priority	Special Development

## Readymade Garments (RMG)



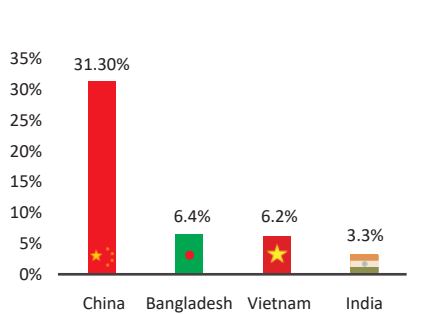
Over the last decade, Bangladesh economy has grown at an average rate of around 7%, achieving 7.9% and 8.2% in FY2018 & FY2019 respectively,<sup>1</sup> which is the highest in Asia Pacific and one of the highest growth rates in the world. One of the major driving forces behind this outstanding growth and economic success of the country has been the readymade garments industry. Accounting for 84%<sup>2</sup> of overall exports and 16% of GDP in 2018,<sup>3</sup> the sector consistently contributes to earning foreign exchange and provides employment to more than 4 million workers.

<sup>1</sup> ADB

<sup>2</sup> EPB data

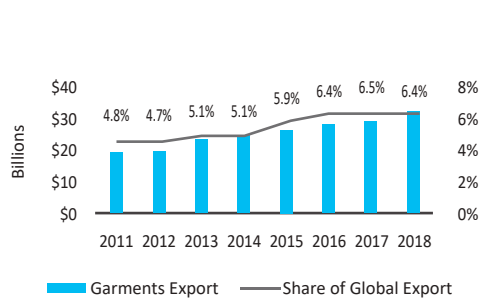
<sup>3</sup> BBS

Leading Clothing Exporters, 2018



World Trade Statistical Review, 2019

Bangladesh Garment Export in Value & Global Share



Source: BGMEA, WTO

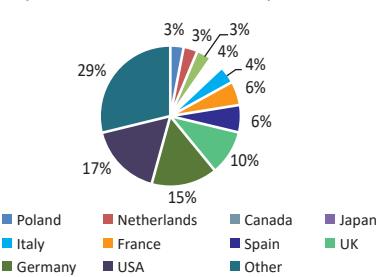
Growing at an annual rate of 9.8%, RMG export from Bangladesh more than tripled between 2008 and 2018.<sup>4</sup> As of December 2018, total export stood at USD 32.45 billion<sup>5</sup>, capturing a market share of 6.4%<sup>6</sup> out of the global apparel export market of \$505 billion. At present, the industry consists of over 4,621 factories. RMG export includes knitwear & woven garments products such as shirts, trousers, T Shirt, denim, jackets, sweaters.



## Growth Potential

With the increase in global population along with an increase in fashion awareness, global apparel industry is projected to grow at a compound annual rate of 4% with major growth projected in emerging economies such as China and India<sup>7</sup>. Although Bangladesh's major export markets are concentrated in the EU followed by USA & Japan, it has a great opportunity to increase exports to other emerging markets. India & China, in particular are close to Bangladesh geographically and are also among the 52 countries that Bangladesh has quota free and duty free access to, providing opportunity to further increase its overall exports.

Export destination of RMG products



Source: BGMEA

<sup>4</sup> World Trade Organization

<sup>5</sup> World Trade Statistical Review, 2019

<sup>6</sup> World Trade Organization

<sup>7</sup> <https://www.fashionatingworld.com/new1-2/global-apparel-consumption-to-grow-at-cagr-of-4-per-cent>

**China's gradual shift from apparel production to high tech and heavy manufacturing industry:** As China, the world's largest exporter of garment products is shifting from labor intensive industry to manufacturing hi tech products, it provides Bangladesh with an opportunity to increase its market share further. Given its capacity and expertise in manufacturing readymade garments, it is expected that Bangladesh will continue to gain further share of the global export market as manufacturers diversify from China and relocate to more cost efficient locations.

**Global demand for eco-friendly, sustainable production method:** Bangladesh has upgraded its production facilities to become one of the most eco-friendly and compliant driven garment industries in the world. With 91 LEED certified green garment factories, Bangladesh is home to the highest number of green garment

**Bangladesh leads the world  
in number of green RMG  
factories**



factories in the world.<sup>8</sup> At present, six out of the top 10 eco-friendly platinum LEED (Leadership in Energy and Environmental Design) certified factories worldwide are located in Bangladesh<sup>9</sup>. In addition to having the highest number of LEED-certified factories, Bangladesh is also home to the highest-rated LEED Platinum denim factory, knitting factory, washing plant, and textile mill in the world.

## Investment Potential

**Diversified garment product:** At present, around 73% RMG exports from Bangladesh comprises basic products such as shirts, trousers, T shirt, jacket & sweaters.<sup>10</sup> Although there are some companies producing higher value addition products such as active wear, blazers, lingerie, denim, beachwear, they make a smaller proportion of the total exports. In order to diversify its products, Bangladesh welcomes investment in manufacturing more diversified apparel items.

**Artificial/Man Made fibre:** The readymade apparel industry constantly caters to changing trends in fashion. Over the years, there has been a noticeable increase in use of artificial fibres such as polyester, viscose, tencel in apparels owing to its lower price, functionality and durability. It is estimated that synthetic materials make up 65% of all fibers utilized in the fashion industry.<sup>11</sup>

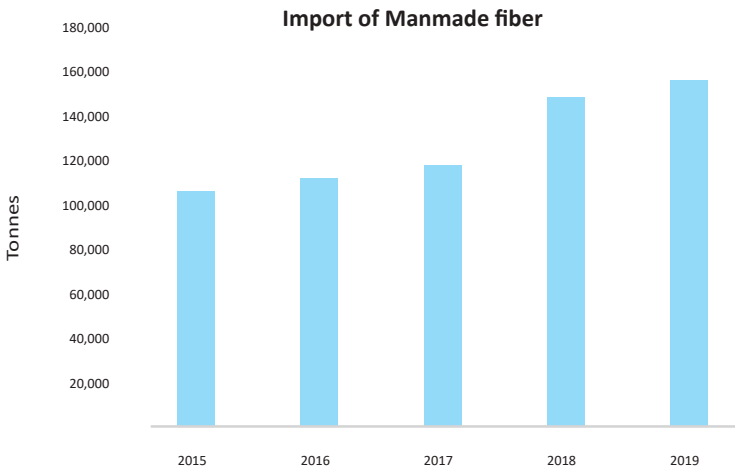
<sup>8</sup> BGMEA, <https://www.thedailystar.net/business/news/bangladesh-leads-world-green-rmg-production-1802119>

<sup>9</sup> United States Green Building Council (USGBC), <https://www.thedailystar.net/business/news/bangladesh-has-highest-number-green-garment-factories-1749016>

<sup>10</sup> BGMEA, FY 2018-19

<sup>11</sup> Preferred Fiber Material Market Report 2017, Textile Exchange

Around 98% of future growth in fibre demand is also expected to come from artificial/synthetic fibres<sup>12</sup>. To keep up with the consumer demand, Bangladesh readymade garments manufacturers have also started to increase manufacturing garments made of manmade fabrics. Although currently 74%<sup>13</sup> of RMG products manufactured in Bangladesh are made of cotton, the increasing demand for manmade fibre is illustrated in the increase in imports of artificial fibres, which has been increasing at a CAGR of 8% since 2015.



Source: Bangladesh Textile Mills Association



At present there are 52 polyester factories, 45 viscose staple fibre mills and 10 tencel mills in the country<sup>14</sup>, which, however is not sufficient to meet the increasing demand. This increasing demand for artificial fibres presents a great investment opportunity for textile producers to set up factories in the country and cater to demand for fabrics made from artificial manmade fibres.

### Competitive Advantage of Bangladesh

**Established sourcing destination:** Most reputed foreign brands have directly sourced from Bangladesh over the years.

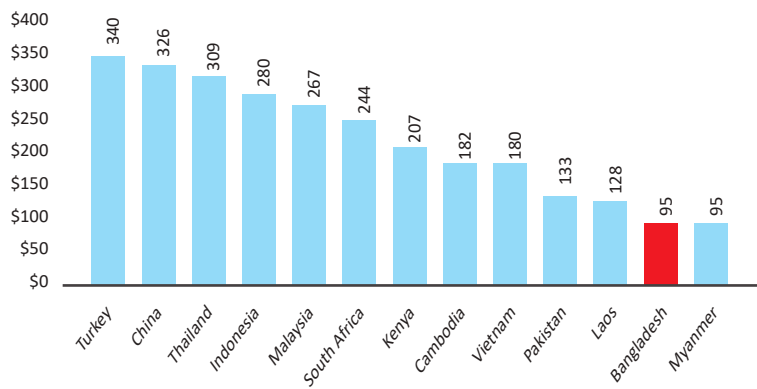
<sup>12</sup> Yang Q M (2014) Global Fibers Overview, [https://www.orbichem.com/userfiles/APIC%202014/APIC2014\\_Yang\\_Qin.pdf](https://www.orbichem.com/userfiles/APIC%202014/APIC2014_Yang_Qin.pdf)  
<sup>13</sup> <https://www.textiletoday.com.bd/man-made-fiber-a-great-room-to-invest-for-bangladesh-textile-and-apparel-millers/>  
<sup>14</sup> <https://www.textiletoday.com.bd/man-made-fiber-a-great-room-to-invest-for-bangladesh-textile-and-apparel-miller>

**Presence of support industries:** The Bangladesh RMG industry is vertically integrated with the presence of textile and spinning industry as well as packaging industries. Around 1,430 textile mills are present in Bangladesh which includes 796 woven fabric manufacturers with a capacity to produce 3,850 million meters of fabric per annum. In addition, Bangladesh has 240 dyeing, printing and finishing mills, which manufacturers 3,170 million meters of fabric per annum<sup>15</sup>.



**Availability of large, young, trainable workforce:** Bangladesh has one of the lowest wages in the apparel industry resulting in low cost of production.<sup>16</sup> In addition to the ready availability of semi-skilled workers, there are several educational institutes who provide programs customized for the textile and readymade garment industry. At present, there are 37 public and private universities and colleges along with 6 government textile institutes producing textile graduates and diploma engineers every year for the industry,<sup>17</sup> in addition to several polytechnic institutes and private institutes in the country.

Monthly minimum wages in global garment industry in 2018



**Geographical Advantage:** Geographically, Bangladesh is located in a strategic position between South and Southeast Asia making it an entryway to both these markets. Bangladesh is also located in an area with easy access to seaports and land ports. The Government is investing in several infrastructural projects to improve the Dhaka-Chattagram route, which is the main route for transport of RMG products. In addition, it is building a deep sea port, investing in improving existing sea and land ports. These initiatives will improve communication by sea and road, facilitate trade further and improve lead time for transport of garments products.

<sup>15</sup> Textilebd.com  
<sup>16</sup> NYU Center for Business & Human Rights  
<sup>17</sup> Textilebd.com



### Supportive Government Policy & Incentives :

#### Fiscal Incentives

- Reduced corporate tax rate of 12% for knitwear and woven garments manufacturer and exporter (time extended till June 2022)
- Reduced corporate tax rate of 10% for knitwear and woven garments manufacturer and exporter with internationally recognized factory with green building certification (time extended till June 2022).
- Reduced corporate tax rate for newly established industrial undertakings of artificial fibre set up between the period of July, 2019 and June, 2024, etc.
- Bonded warehouse facility
- Duty drawback facility

#### Export subsidy

- 1 % cash incentive to all RMG exporters on shipment as per the value of FOB. Beyond the 1% cash incentive, the following categories are provided additional cash incentives.
- Additional 4% cash incentive to exports to new destinations beyond the EU, US & Canada
- Additional 4% cash incentive for export items produced from local fabrics
- Additional 4% cash incentive for SME exporters whose export volume is less than \$5 million.
- Additional 2 % cash incentive to exporters to the EU market

### Supportive Trade Policy:

Bangladesh enjoys duty free access in 52 countries which includes the EU, Australia, New Zealand, Norway, Switzerland, Japan, Iceland, Russia, South Korea, Canada, Chile, India, Turkey, China.

### Relevant Association

- Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
- Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)





# Information Technology

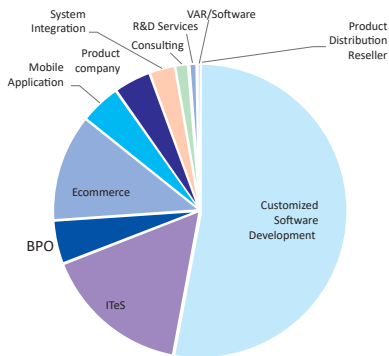
One of the fastest growing sectors in the country, the IT industry in Bangladesh is well represented by software development and IT-enabled service (ITES) including business process outsourcing (BPO) service and ecommerce. Supported by the availability of cost-competitive, English-proficient young tech savvy workforce combined with an increasingly reliable communication and power infrastructure, bolstered by strong government support and favorable policies and incentives, this sector has been recognized as one of the most promising industry in the country.

The industry generated an estimated annual revenue of USD 1.0 billion in 2017, projected to grow to USD 4.7 billion by 2025.<sup>18</sup> Over 4,500 IT /ITES firms are thriving in Bangladesh, employing over 750,000 ICT professionals.<sup>19</sup> 43% of the firms cater to both the local and domestic market, while 48% serve only the local market and the remaining 8% are dedicated towards the foreign market only.

<sup>18</sup> Everest Group, 2017

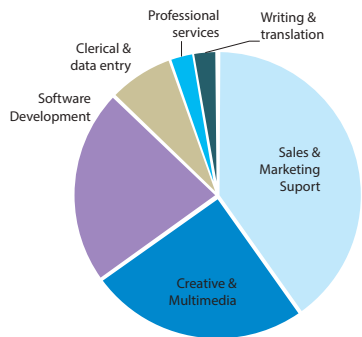
<sup>19</sup> BASIS Bangladesh

Business specialization of BASIS Mmembers



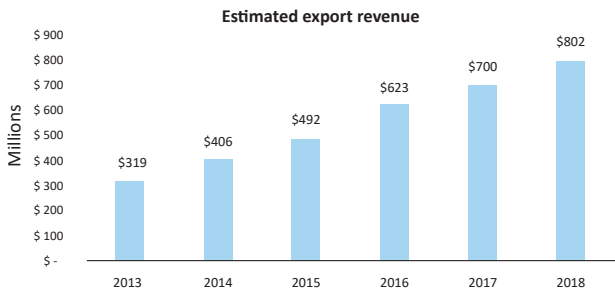
Source: BASIS Catalogue, 2014

Types of Freelancers in Bangladesh



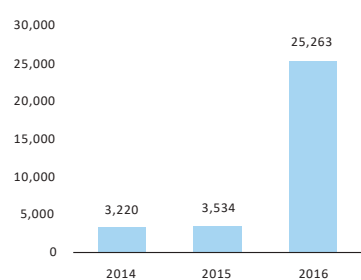
Source: Oxford Online Institute

The industry’s revenue is generated largely by software & application development products and services such as AMD, IT help desk, web development with BPO having less focus. However, there has been a noticeable increase in products offerings such as big data analytics, Internet of Things (IoT), 3D imaging, virtual reality/augmented reality (VR/AR), Robotics process automation (RPA). Export earnings increased to reach USD 802<sup>20</sup> million in 2018, registering a CAGR of 20% since 2013. The earnings are further enhanced by a large pool of online workers. In 2017, Bangladesh had a total of 650,000 registered freelancers,<sup>21</sup> the second largest pool of online workers in the world, commanding a market share of 16% after India with 24% of the market. Among them, 500,000 are actively working with an aggregate earnings of USD 100 million per annum.<sup>22</sup>



Source: ICT Ministry

Number of Foreign client



Source: BASIS

Majority of current clients for Bangladeshi IT firms belong to the public sector, followed by local education and financial institutions. However, software development and ITES/ BPO firms in Bangladesh have experienced a rapid increase of foreign clients since 2015, reaching to more than 25,000 clients in 2016.<sup>23</sup> This incremental trend of contract with foreign parties can be a possible foundation for subsequent foreign investment for offshore development and captive BPO center.

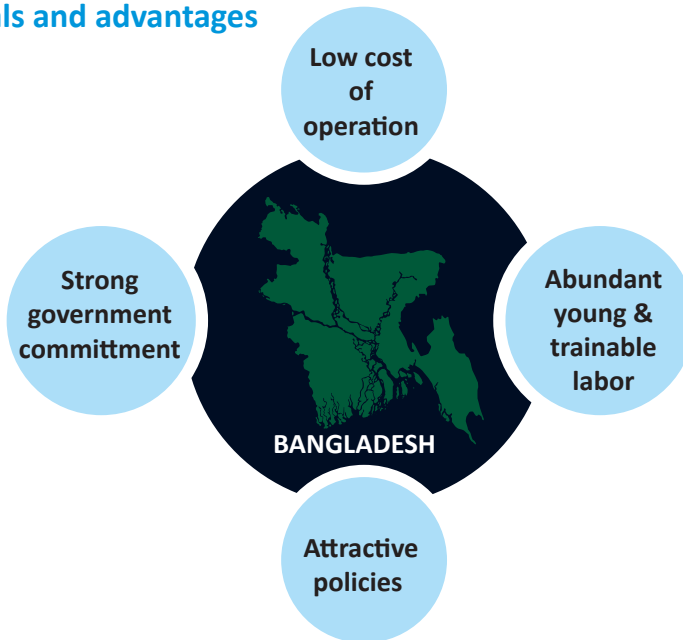
<sup>20</sup> IT-ITES Statistics of Bangladesh, ICT Ministry

<sup>21</sup> Oxford Online Institute

<sup>22</sup> ICT Ministry

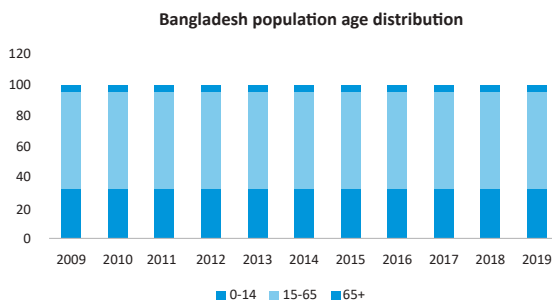
<sup>23</sup> BASIS

## Potentials and advantages



**Abundance of young and trainable workers:** Software development and ITes are regarded as labor-intensive segment of industry and benefits from educated and IT-literate younger workforce. Bangladesh, where 67.61 % of the population is between 15-65 years and 27.21% is below 14 years<sup>24</sup> is bestowed in this regard, since a large number of talented but competitive youth constantly join the workforce.

With 155 public and private universities,<sup>25</sup> more than 500,000 graduates enter the job market every year. Additionally, there are 51 public polytechnic technique and 269 private polytechnic institutes in the country. Besides, human resource development is one of the key pillars of the government's vision of a Digital Bangladesh. The government has introduced various fully subsidized training programs with strong focus on training professionals on emerging technologies – IoT, Block chain, artificial intelligence, Big data and analytics etc. During 2018, over 65,000<sup>26</sup> IT/ITES professionals were provided training. In addition, specialized labs were established in 130 universities.

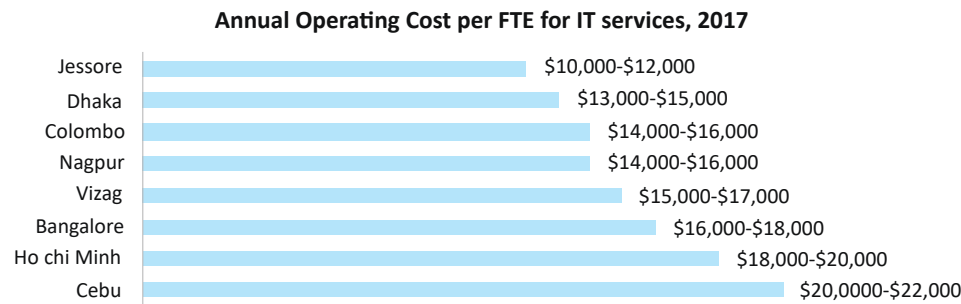


<sup>24</sup> World Bank data

<sup>25</sup> University Grants Commission

<sup>26</sup> <https://www.weforum.org/agenda/2019/10/bangladesh-ict-development-economic-growth>

**Low cost of operation:** Bangladesh is one of the lowest-cost locations for IT service operation among the peer countries. A research by the Everest Group shows that total operating costs (including salary and benefit for workers) in Dhaka is 16-20% lower than Bangalore and 30% lower than Cebu.<sup>27</sup> The difference primarily attributes to the lower cost of compensation and living. This would be lowered further if located in regions, other than Dhaka such as Jessore, Rajsahi, Kaliakor.



Source: ICT Ministry

**Development of infrastructure and environment supported by strong government commitment:** Infrastructures, power and tele-communication necessary for growing Bangladeshi IT industry have been rapidly improving over the last few years so that uninterrupted internet connection with low latency and high bandwidth is increasingly available, particularly for the higher value-added segments of ITES/ BPO service. Digital Bangladesh is an integral part of the Bangladesh government’s vision for the country. Some of the notable initiatives taken include

*28 IT & software parks have been approved as part of Digital Bangladesh with vision to build IT parks across all 64 districts of the country.*

- Increase of installed power generation capacity to 22,603 MW from 15,000MW in 2015 with 94%<sup>28</sup> of the population gaining access to electricity by 2019.
- To ensure 100% internet connectivity by 2021, two submarine cable connections with 1,700 GBPS bandwidth capacity and seven ITC connections with 400 GBPS were added.
- Bangladesh is the 9th largest mobile market in the world with 93 million internet subscribers and 160 million mobile subscriptions providing base for ITes enabled products and services. In addition, the first test run of 5G technology in Bangladesh took place in Dhaka<sup>29</sup> and it is expected that 5 G would be available in the country by 2021, and will be available throughout the entire country by 2026.



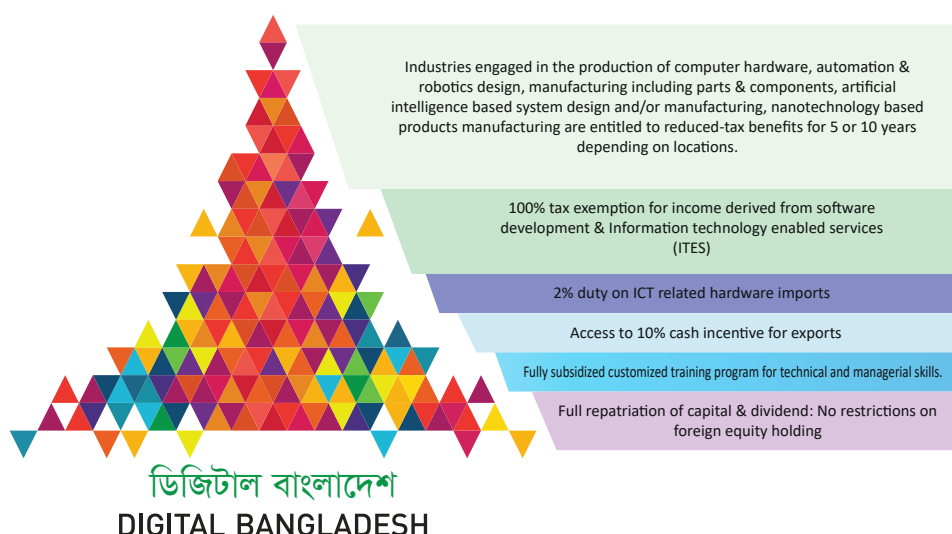
<sup>27</sup> Betting on the Future-The Bangladesh IT-ITes Industry is Poised for Growth: Everest Group Research, 2017

<sup>28</sup> World Bank data

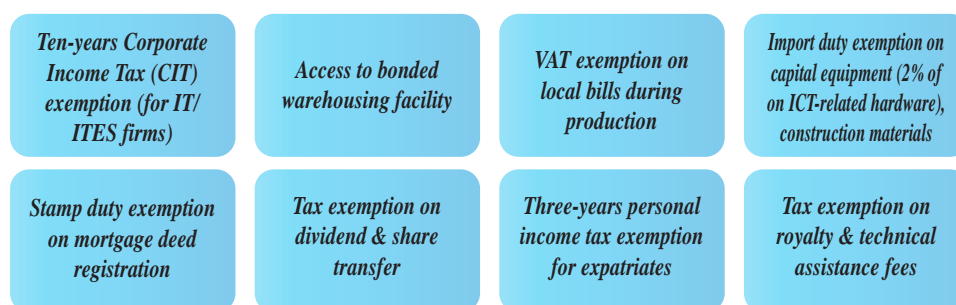
<sup>29</sup> <https://www.thedailystar.net/business/telecom/5g-mobile-internet-service-in-bangladesh-by-2021-1814503>

- To ensure an investment friendly environment, Government has been updating policies to augment the ease of doing business for prospective investors/partners. Besides the ICT Policy 2018, updated policies include Digital Security Act 2018, RTI, IPR, Broadband, PPP, Alternative Investment. National strategy on Artificial Intelligence has also been drafted.

### Sector-specific Investment Incentive<sup>30</sup>



### Investment incentives available at Hi-tech parks



**Investment Opportunity:** Bangladeshi IT industry (software development, and ITES including BPO), being held with the high growth potential both in export and domestic market, is a promising destination of investment. This is evidenced by:

<sup>30</sup> Incentives are stated in the National Industry Policy but subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs). Companies located in EZs/ EPZs are entitled for different sets of incentive package of tax holiday and exemption.

- Growing market and recent multinationals' investments for offshore development hub
- Cost-competitiveness of talented young workforce
- Government's strong commitment for the sector promotion

**Offshore Development Hub and Captive BPO Centers:** Bangladesh is another attractive place for the multinationals and foreign industries for the establishment of their offshore development hub (for software and application) and captive BPO centers (including call centers). Such investments are expected to provide not only significant opportunities for employment creation, but also critical spillovers to local IT service providers (business linkage through local subcontract), as experienced by the Philippines and India. Experiences from ITES/ BPO value-chain development in the Philippines and India suggest that local service providers could gain deeper knowledge of higher-skilled segments of ITES/ BPO such as basic and specialized voice services through working closely with multinationals' captive BPO centers. Thus, local providers could move up the ladder of value-pyramid of ITES/ BPO business.



**IT Training, Vocational School Business:** Opportunities for Bangladeshi youth to acquire advanced and basic IT skills can be extended through private investments to vocational and training institutions specialized in IT engineering, and business management and graphic design. Such investments are deemed valuable, since there could be many potential students interested in working for IT business, and computer engineers intending to equip more advanced skills.

**Standards Accreditation Business:** Smaller BPO firms do not have international certifications for IT-related standards (on software development process, internal control over contracted service, information security management). This is because the certification is costly, as local auditors are not readily available for most standards certification

**Artificial Intelligence based system design and/or manufacturing:** Bangladesh is embracing artificial intelligence (AI) for the digitalization of the nation. The government has developed a draft national strategy for artificial intelligence and has recently announced corporate tax exemption for developers/manufacturers of artificial intelligence based system design (Income tax Ordinance, 1984, 46BB). In Bangladesh, artificial intelligence based NPL, ride sharing is already being observed. Bangladesh has recently exported industrial robots to South Korea and developed IoT products for Hitachi, Japan<sup>31</sup> paving way for expansion of the segment.



<sup>31</sup> <https://bizdatainsight.com/2020/05/17/datasoft-from-bangladesh-develops-the-iot-solution-for-hitachi-of-japan/>

## Hi Tech Parks in Bangladesh



Bangladesh Hi-tech Park Authority (BHTPA) was established in 2010 to establish and operate high-tech parks across the country, and accommodate both local and foreign IT firms to these parks for promoting IT-hubs. BHTPA has the approval to establish 28 hi-tech parks in total with vision to develop IT parks in all 64 districts of the country. Parks at Kaliakor, Gazipur, Jessore, and Janata Tower Software Park, Dhaka have already been established. These parks have been developed with world class high tech zones to accommodate investors. They are equipped with factory building, admin./service building, Data Centre, fully backed power supply, high speed fiber optic internet connection, and several other facilities.

### Industry Association and Supporting Institution

- Association of Software and Information Service (BASIS)
- BASIS Institute of Technology and Management (BITM)
- Association of Call Center & Outsourcing (BACCO)
- Ecommerce Association of Bangladesh (e-CAB)

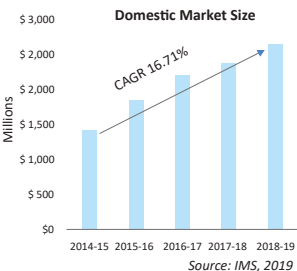






# Pharmaceuticals

The pharmaceutical industry is one of the most technologically advanced as well as growing sectors in Bangladesh. The progress of the local industry began in the 1980s with the development of the National Drug Policy 1982. Since then, the industry has gradually succeeded in becoming self-sufficient. At present, the industry meets 98 percent of the domestic demand<sup>34</sup> and contributed 1.83% to the GDP in 2018.<sup>35</sup> The domestic market size as of June 2019 was USD 2.64 billion<sup>36</sup> with the market growing at a compounded annual growth rate of 16.7 percent over the last five years. At the end of 2018, there were 271 Allopathic, 205 Ayurvedic, 271 Unani, 32 Herbal and 79 Homeopathic drug manufacturing companies in the country.<sup>37</sup>



<sup>34</sup> Pharmaceutical Industry of Bangladesh, EBL, 3rd Edition

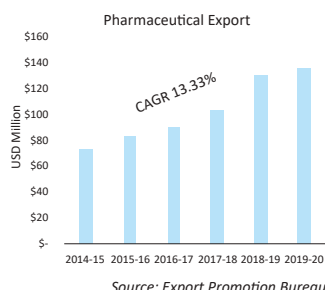
<sup>35</sup> BBS, 2018

<sup>36</sup> Source: IMS, 2019 (USD 1= BDT 84.70)

<sup>37</sup> DGDA, Ministry of Health & Family Welfare



After focusing on the domestic market for many years, the pharmaceutical companies have forayed into the global pharmaceutical market. Although still at a nascent stage, Bangladesh is exporting drugs to more than 140 countries including the USA, Australia, EU. Since 2014, export has been growing at a compounded annual growth rate of 13.33%.<sup>38</sup> Around 1,200 products have received registration for export with several companies receiving accreditation from TGA Australia, MHRA UK, FDA USA and WHO. The industry comprises established production facilities for tablets, capsules, liquid preparations, dry suspension, injections, ointment/cream, nasal spray, granules, etc. Specialized delivery products like inhalers, pre-filled syringe injections, lyophilized injections, dry-powder inhaler and sustained-release formulations are also produced in the country.



Branded generics dominate the market comprising 80% of the drugs produced in Bangladesh while patented drugs make up the remaining 20%. In May 2020, Bangladesh launched the first generic version of the drug Remdesivir, an antiviral drug, which was recently granted Emergency Use Authorization by the Directorate General of Drug Administration (DGDA), the regulatory authority in Bangladesh, as well as the US Food and Drug Administration for the treatment of Covid-19. Besides, Remdesivir, Bangladesh produced several other generic drugs used for the potential treatment of Covid19<sup>39</sup>. The swift response to the needs of the coronavirus pandemic reflected the strength and capacity of the formulation industry of Bangladesh.

*In response to the covid19, the first generic version of Remdesivir was launched by Bangladeshi pharmaceutical company in May 2020.*

Although the formulation industry is the most advanced and developed segment in the country, the industry has been diversifying by developing facilities for producing advanced medicine like active pharmaceutical ingredients. Biosimilar, vaccines, hormones, and oncology products alongside medical devices, natural products and animal health products are also produced, albeit at a smaller scale. The capability and capacity of the Bangladesh pharmaceutical industry can be noted during the outbreak of the covid19 as the industry not only responded through the production of several generic drugs but also launched facilities for PPE gowns, masks, coveralls, masks, etc. to cater to the domestic and worldwide wide need for personal protective equipment.<sup>40</sup>



<sup>38</sup> Data Source: Export Promotion Bureau

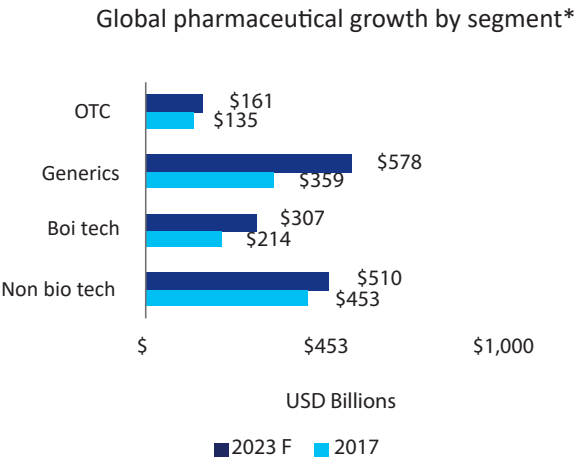
<sup>39</sup> <https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/beximco-pharma-introduces-worlds-first-generic-remdesivir>

<sup>40</sup> <https://tbsnews.net/economy/beximco-exports-65-million-ppe-gowns-usa-85300>

Growth Potential

**Large domestic market with growing income:** Driven by the rising purchasing power of a population of 165.6 million,<sup>41</sup> increasing health awareness, combined with additional investment by pharmaceutical companies, the Bangladesh pharmaceutical market is expected to reach a size of USD 5.11 billion by 2023.<sup>42</sup> According to an estimate by Boston Consulting Group, by 2025, 30 to 40 million people are expected to graduate from poverty to the entry level of the middle class,<sup>43</sup> another 30 million are expected to move up the income ladder and reach the aspirant and emerging middle class.<sup>44</sup> This increase in affordability of people of every income level, combined with a current low per capita spending on healthcare indicates future opportunity for growth of the sector. Per capita spending on healthcare in Bangladesh was USD 36<sup>45</sup> in 2017, which is low compared to other regional peers. In addition, the changing disease profile to non-communicable disease such as cardiovascular disease, diabetes, cancer is expected to increase further as the population gradually ages, driving the domestic demand for pharmaceutical products further into the future.

**Growing global generic market:** The global pharmaceutical market is expected to grow at 5% per annum to reach USD 1,556 billion by 2023<sup>46</sup> driven by growth in China, BRI & emerging nations. The generic segment is expected to contribute to 55% of the growth in the pharma market between 2017-2023. Increasing expenses of healthcare is expected to drive the demand for the cheaper generic medicines. The global generics segment is expected to grow at a rate of 8% per annum and reach from USD 359 billion in 2017<sup>47</sup> to USD 578 billion by 2023. Although generic drugs are increasingly accepted by developed countries, the growth is expected to be driven by emerging markets, where demand for generics is forecasted to grow at a rate of 9% per annum.<sup>48</sup>



Source: Smart Pharma Consulting

<sup>41</sup> <https://www.ceicdata.com/en/indicator/bangladesh/population>, as of June 2019

<sup>42</sup> Pharmaceuticals: the next multi-billion dollar opportunity for Bangladesh, EBL report: Pharmaceuticals, 2019

<sup>43</sup> Surging Consumer Market, No one saw coming, BCG, 2015

<sup>44</sup> BCG report Aspirant class are people with monthly income between \$151-\$250 and emerging middle are people with monthly income between \$251-\$400.

<sup>45</sup> World Bank

<sup>46</sup> Global Pharma Market Perspective (2017-20123), Smart Pharma Consulting

<sup>47</sup> Global Pharma Market Perspective (2017-20123), Smart Pharma Consulting

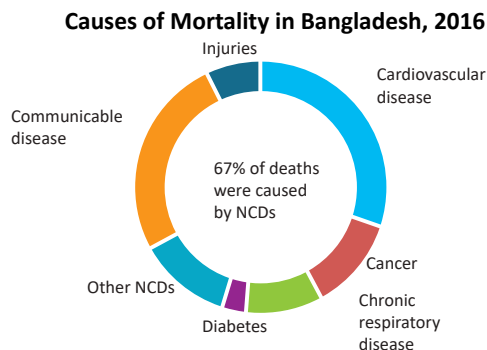
<sup>48</sup> Global Pharma Market Perspective (2017-20123), Smart Pharma Consulting

## Investment Potential

**Branded generic:** Given Bangladesh's expertise in producing branded generics, the upcoming patent cliff provides a huge opportunity for branded generic producers in the country to expand their market. Around \$150 billion worth of drugs are coming off patent by 2020<sup>49</sup> and a further \$251 billion worth of drugs will come off patent by 2023. This will boost the demand for generic drugs further and provide Bangladesh added opportunity to expand its export market.

**Opportunity to produce any patented drugs:** World Trade Organization (WTO) Council extended patent waivers for pharmaceutical products for its members in the least developed countries category to January 2033. As the only country among the 48 LDCs to have a production base in formulations, Bangladesh is in a unique position with the opportunity to produce as well as export patented medicines to other LDC countries or non WTO members and increase its export markets.

**Opportunity for import substitution drugs:** Although Bangladesh does have a few facilities for producing drugs such as anti-cancer, vaccines and insulin, they are still primarily imported, giving opportunity for import substitution by increasing local production. Notably, the increase in non-communicable disease<sup>50</sup> among the population means the demand for such drugs used for the treatment of NCDs will increase in the future.



Source: Bangladesh Health Bulletin, 2018

In 2016,<sup>51</sup> the total number of annual NCD deaths in the country was over 500,000. Among them about 22% were premature deaths. It was found that about 6.4% of the adult population was diabetic and 25% was hypertensive indicating demand for insulin and diabetic medication, oncology, cardiovascular drugs.

In addition to the domestic market, globally oncology is the fastest growing segment, with a forecasted CAGR of 12% from 2017 to 2024 with the market size expected to reach USD 233 billion by 2024.<sup>52</sup> This is followed by demand for anti-diabetes drugs and vaccines, etc. These therapy classes are still imported into Bangladesh, providing opportunity to manufacture them locally and serve both the domestic as well as global market.

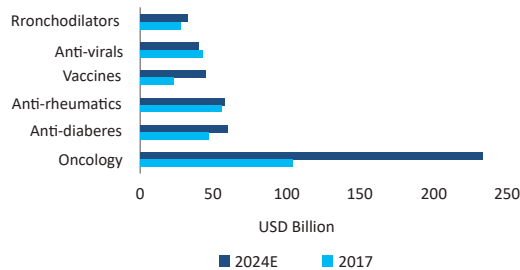
<sup>49</sup> <https://www.businesswire.com/news/home/20160616006037/en/Global-Generics-Drugs-Market-2016-2020---Patent>

<sup>50</sup> Non communicable disease includes cancer, diabetes, Cardiovascular disease, kidney,

<sup>51</sup> Bangladesh Health Bulletin, 2018

<sup>52</sup> Evaluate Pharma 2018

Top prescription drugs & OTC therapy categories by worldwide sales



Source: Evaluate Pharma 2018

### Competitive Advantage

- Large and well developed manufacturing base for formulation and the only country among LDCs to have a production base in formulations.
- High quality low cost generic medicine: Cost of manufacturing formulations is 10-15% lower than India & China with the difference expected to widen further as cost in China goes up.<sup>53</sup>
- Availability of large, young, low cost trainable workforce required for the industry e.g. chemist, biochemist, chemical engineers, pharmacist, biologist, technicians are widely available.
- Increasing success rate of companies in getting Abbreviated New Drug Application (ANDA) approvals.

### Supportive Government Policies & Incentives<sup>54</sup>:

- Fiscal Incentive {
- Industries engaged in the production of pharmaceuticals, barrier contraceptive and rubber latex, are entitled to reduced-tax benefits for 5 or 10 years depending on location.
  - Complete import duty exemption on some raw materials imported by raw materials producers for medicines.
  - 50% of income derived from export is exempted from tax
  - Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation
  - Avoidance of double taxation for foreign investors on the basis of bilateral agreements Tariff Concessions on import of capital machinery and duty drawback facility
  - Bonded warehousing facility for large imports of ingredients to be used for production
  - No VAT on export goods

- Export Subsidy {
- 10% export subsidies/cash incentives on pharmaceuticals products export

### Relevant Association

Bangladesh Association of Pharmaceuticals (BAPI)

<sup>53</sup> Development study towards Quality Industrial Growth & Economic Development, JICA discussion document, 2018

<sup>54</sup> Incentives are stated in the National Industry Policy but subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs). Companies located in EZs/ EPZs are entitled for different sets of incentive package of tax holiday and exemption.



# Active Pharmaceutical Ingredients

One of the most important raw material for the pharmaceutical formulation industry, API is any substance or combination of substances used in a finished pharmaceutical product, intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings.<sup>55</sup> While Bangladesh has an established formulation industry, the API manufacturing industry is at a nascent stage. At present there are 26 API producers in the country producing 41 API molecule.<sup>56</sup> The estimated market size of the APIs is around USD 730 million of which Bangladesh imports around USD 584 million.<sup>57</sup> Bangladesh has also exported API worth USD 5 million between 2015 and 2018.

<sup>55</sup> World Health Organization

<sup>56</sup> Bangladesh Association of pharmaceuticals Industries (BAPI)

<sup>57</sup> MRC Bangladesh Ltd, November 2017

### Growth Potential

**Large and growing formulation market:** The API market is driven by the pharmaceutical formulation industry. With the presence of a well-established and growing pharmaceutical formulation industry, there is a huge demand for API in the country. Since 2015, the Bangladesh formulation market grew at a rate of 16.7% driving demand for API. It is estimated that demand for APIs will reach around USD 1,409 million by 2025<sup>58</sup> giving API producers a potential market to explore.

**Major producer shifting production base:** China, one of the major producers of API is shifting production base due to cost concerns & sustainability.<sup>59</sup> As labor cost rises in China, many firms are relocating to more cost efficient locations. With many firms facing supply chain disruption during the coronavirus pandemic, relocation of API firms is expected to accelerate with many firms considering diversification of their supply chain. Bangladesh, with an established and reputed formulation industry, cost efficient production facilities, access to WTO patent waivers and generous government incentives and policies for API production is an ideal destination for API producers.

**Growing export market:** Global active pharmaceutical ingredient/ API market is expected to reach USD 319.07 billion by 2025 from USD 238 billion in 2018, growing at a CAGR of 7.70%.<sup>60</sup> The growth of the generic API market will be driven by patent expiry of blockbuster drugs, rising healthcare expenses and shift towards generic medicines led by the government initiatives. In addition, rising aging population in developing countries, increasing healthcare expenditure, increasing prevalence of chronic diseases such as cancer, neurological diseases, and cardiovascular diseases are expected to further boost the demand for API.<sup>61</sup>

### Investment Potential

The huge gap between demand and domestic supply of API provides opportunity for import substitution by local API manufacturers. In addition, as an LDC, Bangladesh's pharmaceutical products are waived off patent till 2032 giving it the opportunity to produce and export patented drugs to other LDC countries.

Furthermore, the government has developed a National Active Pharmaceutical Ingredients (API) and Laboratory Reagents Production and Export Policy in order to



reduce dependency on import of API, increase

local production, diversify export and attract additional \$1 billion foreign direct investment in the sector.

*Bangladesh government developed API policy with a goal to attract investment worth \$1billion in the sector and reduce import dependence. It also plans to raise API export income to \$900,000 in 2032 from \$150,000 in 2016 and create 500,000 jobs by 2032.*

<sup>58</sup> MRC Bangladesh Ltd, November 2017

<sup>59</sup> Development study towards Quality Industrial Growth & Economic Development, JICA discussion document, 2018

<sup>60</sup> Active Pharmaceutical Ingredients (API) Global Market - Forecast to 2025" report , Research & Markets,

<sup>61</sup> <https://www.globenewswire.com/news-release/2019/05/07/1818109/0/en/Worldwide-Active-Pharmaceutical-Ingredient-API-Market-Analysis-Outlook-Opportunities-2019-to-2025.html>

Attractive fiscal and non-fiscal incentives from the API Policy<sup>62</sup>:CIT  
exemptions

- Active pharmaceutical ingredients (API) and laboratory reagents manufacturers, including joint venture companies, will get unconditional tax holiday or 100% corporate tax exemption, till fiscal year 2021-2022
- Tax holiday will be extended till 2032 for companies which will produce at least five API molecules every year.
- If a producer can manufacture at least three API molecules every year, it will get 75% tax exemption till 2032

Other  
Fiscal/ Cash  
Incentive

- Manufacturers will also get VAT waiver on import of raw materials by adding 20% value addition and producing at least two molecules till 2027
- Local manufacturers of API will be exempted from paying AIT on import of more than 400 chemical compounds required to produce API till 2024.
- Manufacturers will also get duty-free facility in import, priority in getting land allocation at the government's special economic zones and export processing zones
- Cash incentive of 20% on Active Pharmaceutical Ingredients (API) export

Bank  
Facilities

- Back-to-back letters of credit facility
- The tenure of term loans for factories and equipment could be 12 years instead of the previous six years.
- Raw material manufacturers will be allowed to retain 40 percent of their export earnings.
- The single borrower cap will not be applicable for API and reagents producers.

## Supportive Trade Policy:

Patent waiver extension to the least developed countries up to 2032 providing Bangladesh with the opportunity to expand its markets.

## Relevant Association

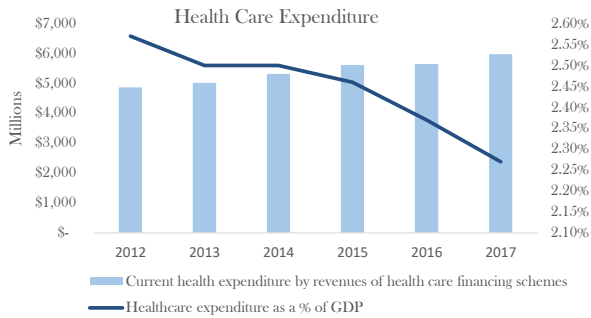
Bangladesh API & Intermediaries Manufacturers Association (BAIMA)

<sup>62</sup> Incentives are stated in the National Industry Policy but subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs). Companies located in EZs/ EPZs are entitled for different sets of incentive package of tax holiday and exemption.



# Healthcare services

One of the most important sectors in the country, the healthcare service delivery comprises hospitals, clinics, diagnostic centers, telemedicine. Growing at 5% per annum since 2013, the size of the healthcare sector stood at USD 5.975 billion<sup>63</sup> at the end of 2017, which represented 2.27% of GDP.<sup>64</sup> The sector provides employment to around 170,000 health professionals.<sup>65</sup>

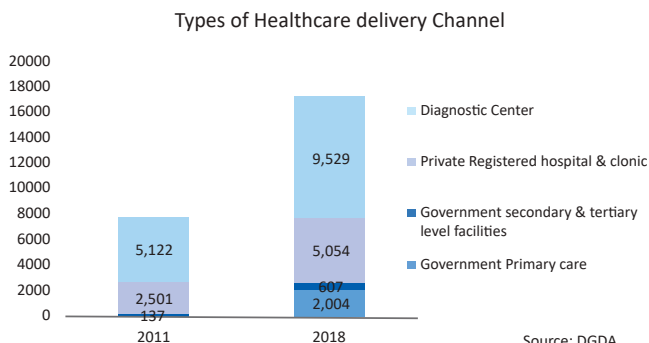


Source: WHO

<sup>63</sup> WHO  
<sup>64</sup> WHO  
<sup>65</sup> BBS, 2018



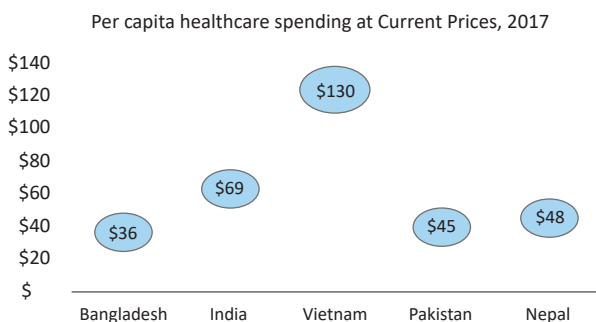
Bangladesh healthcare delivery system is categorized into two major components - public and private. The private sector provides the majority of tertiary care institutions with a major concentration in the urban areas. The public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centers in rural areas. At the end of 2018, there were 607 government hospitals, 5054 private hospitals and clinics and 9,529 diagnostic centers under Directorate General of Health Service (DGHS) registration. The number of hospital beds available in government hospitals is 52,807 whereas the number of hospital beds in the private-sector is 90,587 bringing the total number of available beds to 143,394.<sup>66</sup>



## Growth Potential

**Demand for healthcare delivery channels outpaces supply:** Rising income, combined with increase in non-communicable disease as well as greater awareness regarding health among the general population is expected to contribute to increasing the demand for health care delivery channels. The per capita spending on healthcare was only USD 36.28 in 2017, which is lower than the \$61 per capita recommended by WHO to attain a fully functioning health system that ensures a basic package of services, including interventions targeting non communicable diseases (NCDs) (WHO 2010).

The current low per capita spending indicates huge potential to increase healthcare spending as income increases. Moreover, government initiatives to expand access to medical services is expected to drive the sector growth at a higher rate. The government of Bangladesh aims to achieve universal health coverage by 2032 that will pay 70% of the medical expenses instead of the 26% paid currently. In addition, the steady increase in population at a rate 1.3% per year,<sup>68</sup> is expected to sustain the demand for healthcare in the long term.



<sup>66</sup> DGDA

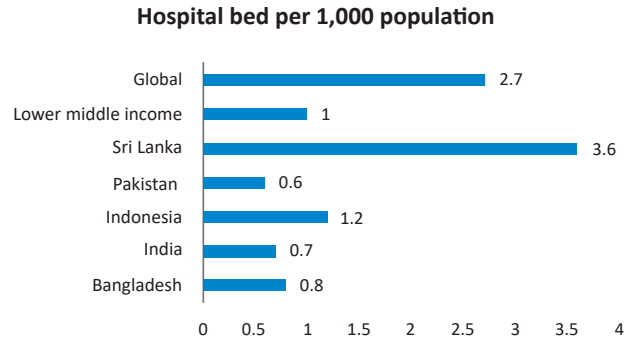
<sup>67</sup> World Bank Data

<sup>68</sup> BBS Data

Investment Potential

The healthcare sector is full of opportunities in every segment which includes providers, payers and medical technology.

**Healthcare delivery channel:** In spite of the increase in healthcare facilities over the years, the bed density per 1,000 populations is low indicating a gap in demand and supply. Around 700,000 Bangladeshi travel abroad every year to India, Malaysia, Thailand & Singapore for medical treatment spending around USD 3.5 billion.<sup>69</sup> Bangladesh is the major donor to Indian medical tourism sector every year. According to the Export of Health Services survey conducted by the Directorate-General of Commercial Intelligence and Statistics of India, Bangladesh was the largest foreign user of India's health services exports in 2015-16 with 165,000 patients contributing about \$343 million in 2015-16. The shortage of quality medical treatment in the country drives people to seek treatment abroad. This situation points towards a demand for quality healthcare providers creating an opportunity for reputed healthcare groups to set up healthcare facilities in the country.



Source: World Bank

**Digital Healthcare Services:** Rapidly growing segment, currently there are over 50 startups in the healthcare space providing various services such as providing online doctors directory and appointment system, healthcare-related content for general awareness creation, pharmacy delivery system, health-related data and medical history system, electronic health monitoring devices, telemedicine, etc. Telemedicine services began in 2010 with 8 centers and have reached 94 centers in 2018. The number of patient consultations grew from 8 in 2010 to 18,030 in 2017. With 63%<sup>70</sup> of the population residing in rural areas, telemedicine services have the potential to alleviate to some extent the lack of access to healthcare and the shortage of healthcare professionals in rural and remote areas. With a rapidly growing internet penetration, demand for telemedicine services is expected to accelerate, especially due to the coronavirus pandemic.

**Health Insurance:** Bangladesh has one of the highest out of pocket expenditure rates in the world with 71.89% of total health expenditure met by private households<sup>71</sup>. With Bangladeshis becoming more aware of the benefits of health and insurance, this sector offers tremendous potential.

<sup>69</sup> <http://theapparelnews.com/article/1731/index.html>

<sup>70</sup> World Bank Data

<sup>71</sup> WHO



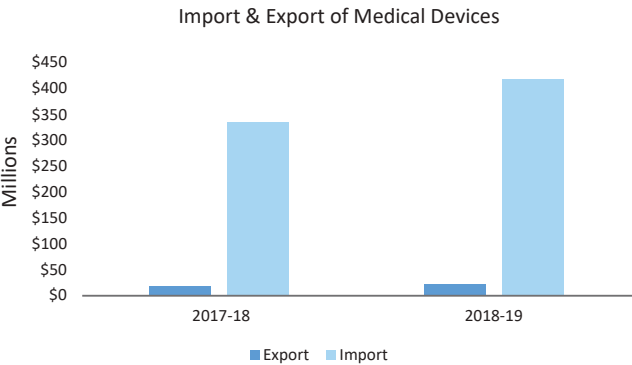
# Medical Equipment

Medical equipment sector comprises consumables, diagnostic imaging, patient's aids, medical & surgical sterilizers, hospital furniture, orthopedic & prosthetics, UV apparatus, other instruments & appliances. The sector is import dependent with immense potential for manufacturing. At present, Bangladesh manufactures disposable syringes, precision safety syringes, needles, bags, PPE, etc. These products are also being exported to various countries such as Brazil, India, EU, USA, Turkey, etc.



Growth Potential

**Growing number of healthcare delivery channels:** Driven by growth in healthcare delivery channels, the medical equipment sector is experiencing rapid growth in the country. Between 2016-19, the Bangladesh medical equipment sector experienced a per annum growth of 14.6%, the fastest growth in the world and it is expected to sustain the growth till 2022.<sup>72</sup> Increasing accessibility to healthcare, growing lifestyle diseases requiring surgery and long term treatments such as cardiovascular disease, cancer along with greater awareness regarding health is expected to drive the demand for healthcare services driving the demand for medical equipment.



Source: Bangladesh Bank, Export Promotion Bureau

**Growing global market for medical equipment:** The global medical equipment market stood at USD 425.5 billion in 2018 and is expected to grow at 5.5% per annum to reach USD 612.7 billion by 2025 providing a large market to explore more business potentials.<sup>73</sup> With the outbreak of the coronavirus pandemic, there is a surge in demand for respirators, protective clothing, masks, gloves, face shields, googles causing demand supply gap for the items.

Investment Potential

**Untapped domestic market:** As only a few companies produce medical equipment in the country, the sector is dominated by imports. During 2018-19, medical equipment worth USD 416 million were imported, a year on year increase of 26% while exports contributed to about USD 21<sup>74</sup> million. The dominance of imports provides potential for manufacturers in this segment. With the number of hospitals and diagnostics centers growing every year, the demand for medical equipment is increasing rapidly. According to Fitch Solutions, the Bangladeshi medical device market will achieve one of the fastest growth rates in the world over the 2019-2024 period driven by strong GDP growth.

<sup>74</sup> BMI

<sup>75</sup> Fortune business insights

<sup>76</sup> Bangladesh Bank data

**PPE Production:** The outbreak of COVID-19 has increased the demand for PPE products including protective masks, respirators, protective clothing, hospital gowns, and gloves across the globe. Owing to the increasing demand-supply gap, current manufacturers are working at 100% capacity to supply PPE across the regions. Bangladesh with its production capacity and expertise in readymade garments and pharmaceutical manufacturing swiftly responded to fill the supply shortages by rapidly mobilizing and expanding its facilities to accommodate production of PPE. Till May, 2020 Bangladesh has exported 6.5 million PPE to the USA with great potential to export many more.

Due to the rising occurrence of respiratory disease along with increasing pollution levels, the global demand for facial/surgical mask market has skyrocketed and is expected to grow at a CAGR of 20.0% during 2020-2025.<sup>75</sup> The global hand sanitizer market is also expected to experience huge growth

of 17% per annum and reach a size of USD 5.5 billion by 2025 from USD 2.2 billion in 2019.<sup>76</sup> The increased awareness of maintaining hand hygiene is expected to propel the demand for sanitizers. The global disposable gloves market was valued at



USD 7.6 billion in 2019 and is expected to reach USD 11.8 billion by 2025, growing at a CAGR of 7.7% during 2020-2025. Given the circumstances and Bangladesh's proficiency in manufacturing readymade garments and pharmaceuticals, there is great potential to manufacture various types of PPE in the country and contribute to meeting the demand supply gap prevailing not only within the country but also globally.

### Government Incentives

- Waiver of duty import for all raw materials required for PPE and face mask production
- Waiver of all import duty for all raw materials required for hand sanitizers

### Relevant Association

Bangladesh Medical Association (BMA)

<sup>75</sup> Vinz Research

<sup>76</sup> Vinz Research



# Agro & Food Processing

Bangladesh is an agrarian country with a tropical climate perfectly suitable for the production of a variety of crops, fruits & vegetables, livestock, fisheries and forestry. A major component of Bangladesh economy, the agriculture sector employs around 40.6% of the labor force and contributes 14.23%<sup>77</sup> to GDP. The agro & food processing industry now contributes about 1.7 percent<sup>78</sup> to GDP and employs about 250,000<sup>79</sup> people. Its share of total exports now stands at around 3.5 percent.

<sup>77</sup> BBS, 2018

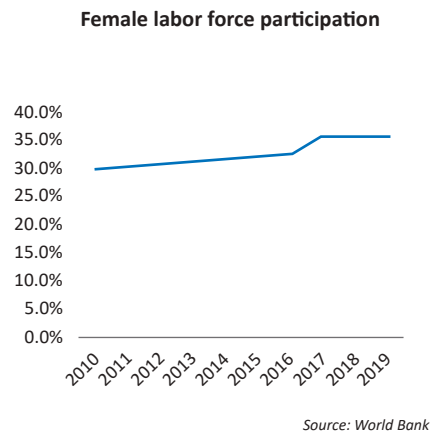
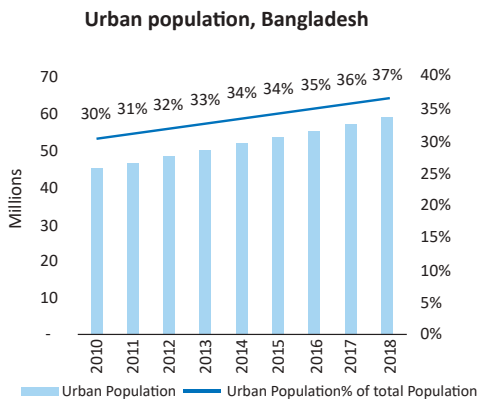
<sup>78</sup> <https://www.thefinancialexpress.com.bd/views/agro-food-processing-industry-in-bangladesh-an-overview-1572707863>

<sup>79</sup> BAPA

Bangladesh exports more than 700 items including 63 basic agro processed products most of which are cereal grains, frozen fish, processed meat, tea, vegetables, tobacco, cut flower, fruits, spices, dry food and other processed agricultural products including livestock, poultry & fish feed to more than 140 countries. At present, there are 486 agro processing manufacturers in the country among which 241 are exporters and 235 cater to the domestic market. In FY 2018-19, the agro sector realized export earnings worth \$ 1.41 billion. The main exports items are frozen fish, shrimp and other frozen food products, tea, spices, fruits including dry fruits and some other processed agricultural products. The major export destinations include the European Union (EU), the US, the Middle East and the Gulf.

## Growth Potential

**Growing Domestic Demand:** Bangladesh's domestic agro-processed product market stood at USD 2.8 billion<sup>80</sup> in 2019. The market has been estimated to be growing at an average rate of 7.7% between 2005 till 2017.<sup>81</sup> Growing purchasing power of the large and young domestic market with a median age of 27 combined with rapid urbanization, increase in women in the workforce and a resulting increase in nuclear families and busy lifestyle are expected to propel the expansion of entire market for processed food.



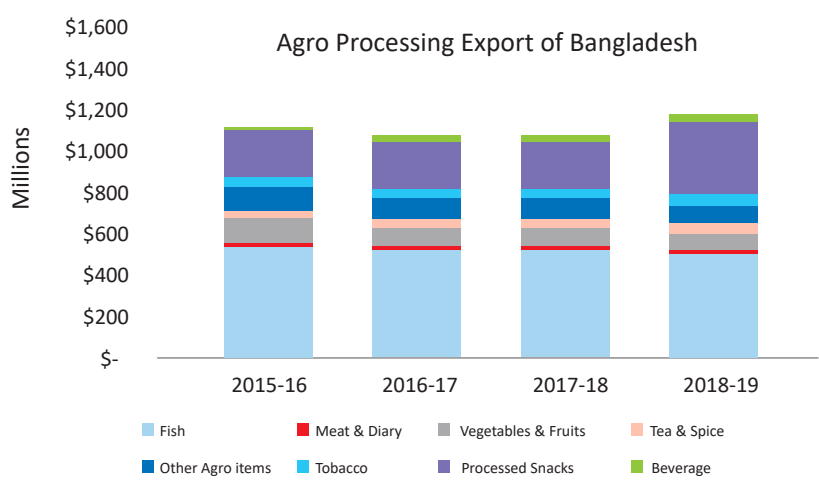
**Increasing export potential:** The food and beverage industry is one of the largest industries in the world. Global demand for agricultural products is projected to grow by 15% between 2019-2028.<sup>82</sup> This provides a great opportunity to the Bangladesh processed food industry to expand its exports further. It is notable that agricultural export from Bangladesh have been growing at a CAGR of 18% for the last five years, in particular the export of processed snacks has grown significantly. There is a huge demand for Bangladeshi processed food among the immigrant community in the UK, USA, the Middle East giving an opportunity to the manufacturers to develop new products and maintain and expand their market position.

<sup>80</sup> Bangladesh Agro Processors Association

<sup>81</sup> Katalyst, Bashar 2017

<sup>82</sup> OECD-FAO Agricultural outlook 2019-2028





Source: Export Promotion Bureau

Competitive advantage of the sector in Bangladesh

**Availability of plentiful raw material:** Bangladesh's climate is favourable to the production of variety of crops such as rice, wheat, sugarcane; fruits and vegetables such as mango, jackfruit, potatoes, tomatoes; spices as well as livestock & fisheries. As the raw materials are abundantly available, value addition of agro processing is very high in the country.

*World's*

- 2<sup>nd</sup> largest producer of jackfruit
- 9<sup>th</sup> largest mango producer
- 8<sup>th</sup> largest producer of guava
- 8<sup>th</sup> largest potato producer
- 10<sup>th</sup> largest chili producer
- 3<sup>rd</sup> largest producer of tomato in South Asia



**Low Labour Cost:** Bangladesh is one of the most cost efficient locations in the world with low wages and production cost.



## Favourable Policy

### Fiscal Incentive

- Industries engaged in the production of bio-fertilizer, biotechnology based agro products, processing of locally produced fruits and vegetables, tissue grafting, insecticide or pesticide are entitled to reduced-tax benefits for 5 or 10 years depending on location
- 50% of income derived from the production of corn/maize or sugar beet is exempted from tax.
- Max 10% tax rate for income generated from poultry and hatchery.
- Max 15% tax rate for income generated from production of poultry and fish feeds, cattle farming, seed production, frog farming, bee farming, sericulture, mushroom production, floriculture
- Complete tax exemption on income of industrial undertaking from rice bran oil production up to 10 years (6th schedule Para 45 of Income Tax ordinance)
- 50% of income derived from export is exempted from tax
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements
- Tariff Concessions on import of capital machinery

### Export subsidy

- 20% export subsidies/cash incentives on vegetable and fruit export, and on processed agricultural product export
- 20% export subsidies/cash incentives on crop and vegetable seeds export
- 2% to 10% export subsidies/cash incentives on shrimp and other fish export
- 20% export subsidies/cash incentives on crab and eel export
- 10% export subsidies/cash incentives on potato export
- 20% export subsidies/cash incentives on agar and attar export
- 20% export subsidies/cash incentives on 100% halal meat export
- 10% export subsidies/cash incentives on residuals of cow and buffalo (except bone) export

### Other incentives offered by Bangladesh Government:

- Food-processing declared as thrust sector with preferential treatment
- No FDI cap – 100% foreign equity allowed
- Concessionary duty on imported capital machinery
- Accelerated depreciation allowance on cost of plant & machinery
- No import duty for 100% export-oriented companies

## Chapter 6: Sector Overviews

- Foreign technicians- Income tax exemption for 3 years
- Working loans are available to foreign investors from local bank
- Entrepreneurs Equipment Fund (EEF) is allowed in agro-sector
- Local and foreign investment is given equal treatment
- Supportive Agricultural & Rural Credit Policy requiring private banks to disburse at least 2.5% of total loan to the agriculture and rural sector.
- 20% special rebate on electricity consumption to agro-processing sector including poultry

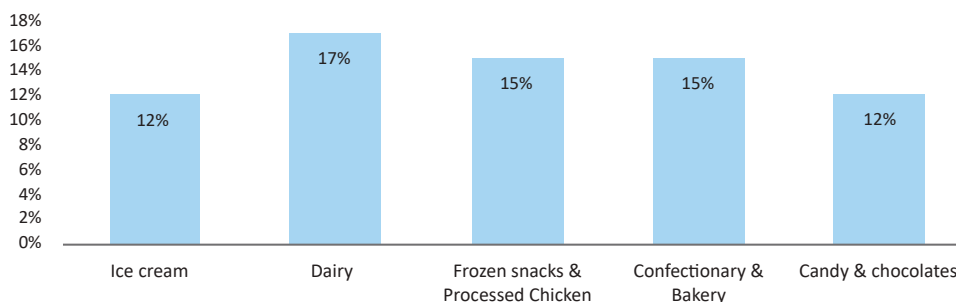
### Favourable Trade Policy

- Bilateral Investment Treaties (BITs) signed with 31 countries
- Double Taxation Treaties (DTTs) with 28 countries
- Duty free access to 52 countries including the European Union, Canada, Australia, Japan (GSP)

### Investment Potential

**Packaged Food Industry:** In Bangladesh, private consumption accounts for 77.17% of the GDP.<sup>83</sup> With a young demography, rising per capita income, urbanization and dual-income family, demand for packaged food is increasing at above GDP growth rate. Besides, an expanding middle income population, estimated to be growing at a rate of 10.5% per annum,<sup>84</sup> and an increasing focus on health benefits is driving the demand for healthy food, while the demand for convenience food is being propelled by the busy lifestyles. According to Euro monitor, the market size of packaged food was valued at US\$9.8 billion in 2013 after registering a CAGR of 20% from 2009. Overall packaged food sales were projected to grow at a CAGR of 17% over 2013-2018, reaching a value of US\$21.2 billion in 2018.

**CAGR of selected food products (2015-2019)**

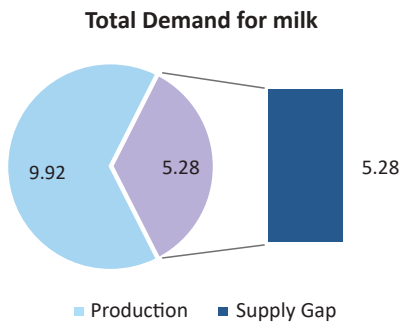


<sup>83</sup> Bureau of Statistic, 2018

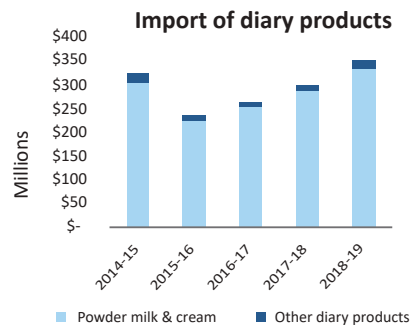
<sup>84</sup> Boston Consulting Group, Bangladesh Surging consumer market, 2015

**Milk & Milk powder:** With the growth in purchasing capacity, urbanization and increasing health awareness, consumption of milk and dairy products had expanded at a healthy CAGR of 17% between 2009 till 2018.<sup>85</sup> Despite the increase in production capacity over the years, demand has persistently outpaced the supply creating a gap between the demand and supply of milk.

*Bangladesh had the 12th largest cattle inventory in the world in 2018*



Source: Department of Livestock & fisheries



Source: Bangladesh Bank

Currently, the country is producing only 65.27% of total milk demand of 15.20 million metric tons.<sup>86</sup> The additional demand for milk is met primarily through imports. During fiscal year 2018-2019, Bangladesh imported powdered milk worth USD 335 million. In addition, although the demand for milk has been increasing consistently, per capita consumption of milk in the country is still below the optimum level recommended by WHO & the national health strategy. The optimum quantity of milk to be consumed on a daily basis is 250ml of milk per day, whereas the availability is only about 165.7 ml/h/d.<sup>87</sup> With increasing economic prosperity, demand for milk and dairy products such as cheese, yoghurt, ice-cream, sweets are expected to increase further providing ample potential investment opportunities not only in milk production but also in the processing segment including the production of powdered milk and other dairy products. The Ice-cream sector was valued at USD 144 million in 2018,<sup>88</sup> growing steadily at a CAGR of 12%<sup>89</sup> for the last several years. With rise in access to electricity in rural areas, the sector is expected to penetrate the relatively untapped rural areas of the country and grow at a further 15% till 2020.

**Processed fruits & vegetables:** Given Bangladesh's production capacity of mangoes, jackfruit, tomatoes, potatoes and the demand for items such



as juices, sauces, jam, jellies, potatoes chips, noodles, fruit and vegetable processing provides great potential for investment.

*Top 10 fruit producer in the world*

<sup>85</sup> Department of Livestock & fisheries

<sup>86</sup> Department of Livestock & fisheries

<sup>87</sup> Department of Livestock & fisheries

<sup>88</sup> Lanka Bangla Investment study

<sup>89</sup> Interview, Golden Harvest, <https://www.dhakatribune.com/business/2018/11/28/ice-cream-industry-expanding-on-rural-demand>



As an increasing number of people around the world focus on health and nutrition benefits, while at the same time also looking for convenience, foods derived from fruits and vegetables are highly sought after in the global marketplace. This gives agro processors the opportunity to use the natural resources of Bangladesh and produce products geared

towards the needs and demand of the increasing health conscious market.

**Biscuit & Confectionery:** Over 100 manufacturers and 4,500 traditional factories produce bread and cookies in Bangladesh. A projected market size of the branded biscuit industry is estimated to be around BDT 30.79 billion, excluding traditional bakery products. The market is expected to grow at 10 to 15% over the next ten years.<sup>90</sup> The organized sector accounts for 200,000 tons of biscuits a year and the unorganized biscuit makers such as bakery account for another 200,000 tons. Bangladesh has started exporting biscuits and confectionery items with an export of USD 38 million in FY 2018-19. Another growth segment has been the candy market. With an estimated market size of USD 238 million,<sup>91</sup> the candy market was projected to be growing at a CAGR of 12-15% over the last decade and is expected to continue growing at 10.21% between 2020-2025.<sup>92</sup>



**Beverage:** Increasing urbanization, growing number of young people, rising temperatures, and product innovation are driving the sales of drinks and juices across the country. Euro monitor valued the soft drinks market at \$235 million in 2013, registering a compound annual growth rate of 18 percent between 2009 and 2013. Another report by Mordor Intelligence estimated the market for soft drinks at USD 611 million in 2018. The market is estimated to grow at a CAGR of 12.50% between 2018-2025.<sup>93</sup>



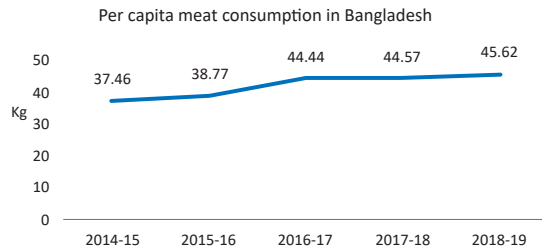
<sup>90</sup> EBL, Valuation report on Olympic Industries

<sup>91</sup> <https://tbsnews.net/economy/foreign-brands-dominate-bangladeshi-candy-chocolate-market>

<sup>92</sup> <https://www.mordorintelligence.com/industry-reports/bangladesh-candy-market>

<sup>93</sup> Mordor Intelligence, <https://www.mordorintelligence.com/industry-reports/bangladesh-energy-drinks-market>

**Frozen snacks & Processed Chicken:** The frozen ready to cook snacks and processed chicken market in Bangladesh was valued at BDT USD 31 million in 2018. It was growing at a CAGR of 15% for the last five years.<sup>94</sup> The segment consists of ready to cook snacks & ready to cook meat. With an increasing middle class population with busy lifestyles, demand for these convenience food products are expected to accelerate in the future. Demand of processed chicken has been increasing globally as well as locally. Food consumers are becoming more health and quality conscious; with growing inclination towards protein intake.



Source: Department of Livestock & fisheries

Meat consumption in Bangladesh is steadily increasing with the poultry farming growing at 15% a year.<sup>95</sup> Consumers now prefer the convenience offered by pre-cooked/marinated food. In addition, the growing number of restaurants and hotels are also driving the growth of processed meat in the country. At the same time, the global market for frozen food is also expanding rapidly with anticipated to reach USD 380.5 billion by 2027, expanding at a CAGR of 3.4%<sup>96</sup> providing opportunity to increase the growing exports further.

**Fisheries & Seafood:** With incomes and urbanization set to increase in developing countries and the global trend towards healthier diets continuing, it is expected that the consumption of fish as a healthy food will increase. World fish consumption in 2030 is projected to be 20 percent or 30 million

#### World's

- 3<sup>rd</sup> largest Inland fish producer
- 5<sup>th</sup> largest aquaculture producer
- 11<sup>th</sup> marine fish producer

MT (live weight equivalent) higher than it was in 2016<sup>97</sup> and 50% higher than 2010. Given Bangladesh's 720 km long coast and total marine water of 166,000 km and abundance of rivers, combined with its capacity and expertise in fish production & cultivation, there is great potential to increase its fish exports through further investment. At present, Bangladesh is one of the leading

producers and exporters of fish with total production of 4.28 million MT in FY 2017-18.<sup>98</sup> Fish is also the major export item among agro products, comprising 35% of total agro product exports in FY 2018-19. With further investment in the field, fish exports can be increased further.



**Top  
10 global  
exporter of  
frozen seawater  
shrimp**

<sup>94</sup> Industry Interview, <https://futurestartup.com/2019/01/16/seizing-the-frozen-food-opportunity-tanvir-haider-chaudhury/>

<sup>95</sup> USDA Report

<sup>96</sup> Grandview research

<sup>97</sup> FAO

<sup>98</sup> Fisheries Statistical Yearbook 2017-18

**Halal food:** The global halal food industry is a large and growing industry representing 17% of the global food industry's revenues. On account of a growing and prosperous Muslim population, the industry is



expected to grow from USD 1.6 trillion in

2018 to US\$ 2.9 trillion by 2024, expanding at a CAGR of nearly 11% during 2019-2024.<sup>99</sup> The total Islamic population is expected to increase from 23% in the present situation to around 30% of the total world population by 2030<sup>100</sup> providing Bangladesh a market to explore further. In addition, non-Muslim

consumers have also shown preference for Halal food for the assurance of food safety and hygiene.

*The poultry sector is gearing up to export eggs and poultry meat by 2024, especially to the Middle East, a big market for halal meat---*

*United States Department of Agriculture, March 2019*

**Cold Storage:** At present, there are around 360 cold storage facilities with capacity of 2.78 metric tons which are primarily used to store potatoes, spices. There is a huge demand for cold storage facilities in the country and investment in this sector is desired.



### Trade Association

- Bangladesh Agro Processing Association (BAPA)
- Bangladesh Frozen Food Exporters Association (BFEEA)
- Bangladesh Auto Biscuit Bread Manufacturers Association (BABBMA)
- Bangladesh Fruits, Vegetables and allied products exporters association (BFVAPEA)
- Bangladesh Dairy Farmers' Association (BDFA)
- Bangladesh Organic Products Manufacturers Association (BOPMA)
- Bangladesh Cold Storage Association
- Bangladesh Lozenge Manufacturing Association

<sup>99</sup> IMARC, Halal Food Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2019-2024

<sup>100</sup> Grandview Research





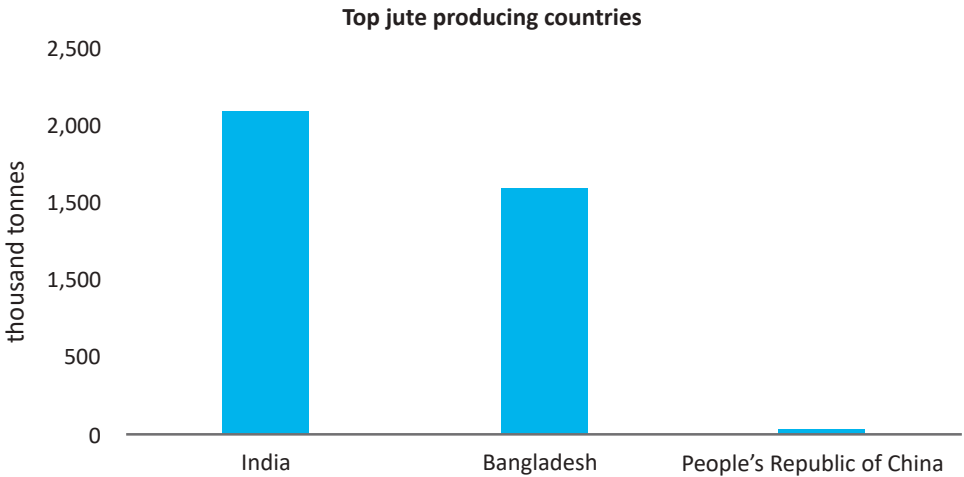
# Jute & Jute products

Jute is natural fiber extracted from the jute plant, which has the nickname of “golden fiber” in Bangladesh. It is a product of South Asia and specifically a product of India and Bangladesh. About 95% of world jute is grown in these countries.<sup>101</sup> Currently, Bangladesh is the 2nd largest producer with annual production estimated at 1.6M tons in 2018<sup>102</sup> and the top exporter of raw jute in the world. With the recent closure of public jute mills, there are about 200 private jute mills<sup>103</sup> in Bangladesh.

<sup>101</sup> <http://www.fao.org/economic/futurefibres/fibres/jute/en/>

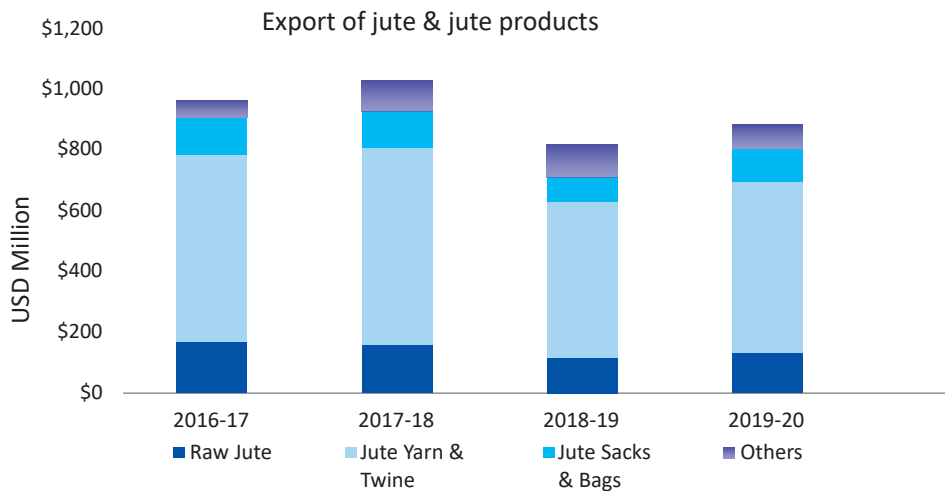
<sup>102</sup> 'World – Jute and Jute-Like Fibers – Market Analysis, Forecast, Size, Trends and Insights, Index box

<sup>103</sup> <https://databd.co/stories/bangladeshs-golden-fiber-exports-facing-bottlenecks>



Source: IndexBox

The global jute market revenue amounted to \$2.7 billion in 2018,<sup>104</sup> going up by 4.6% against the previous year. In spite of the slowdown in trade and exports due to the coronavirus pandemic, the export of jute and jute products from Bangladesh grew by over 8% YOY in FY 2019-20, indicating the growing prospects of the environmental friendly jute and jute products.



Source: Export Promotion Bureau

<sup>104</sup> World – Jute and Jute-Like Fibers – Market Analysis, F



Jute fibre is 100% bio-degradable and recyclable. When burnt, jute also does not release toxic gases. The jute plant and stalks can be used to make a wide range of products including fashion apparel, fabric, yarn, rope, industrial products, handicrafts, agricultural products, and others. Diversified by-products from jute include its use in cosmetics, medicine, paints, and other products. Exporters in Bangladesh supply jute fibers to jute and textile mills, constructions industries, automotive sector, paper-pulp industries and non-woven industries worldwide.<sup>105</sup> In Bangladesh, there is a potential to broaden the scope within the jute sector. Diversified jute products has a small share when compared to the jute sector as a whole, but there is a wide range of products within the subsector.

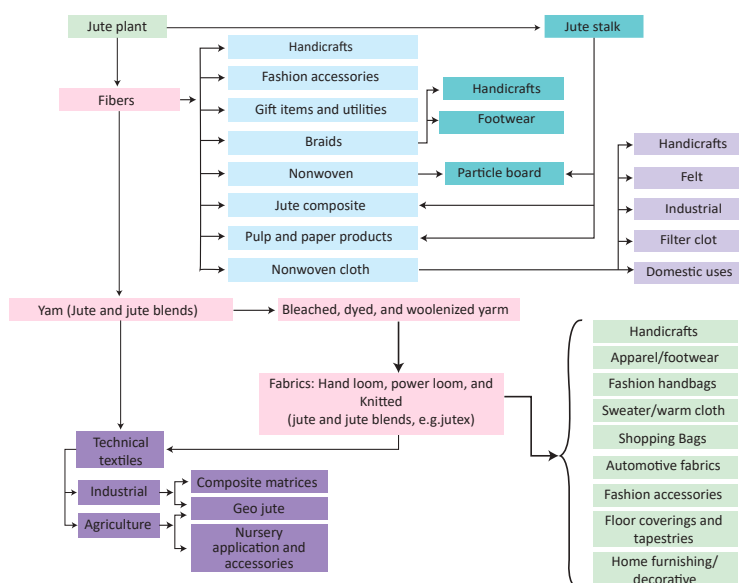


Figure: From jute to diversified products<sup>106</sup>

Products	Usage
Fine cut jute	Automotive interior, headliner, parcel shelf.
Raw jute	Automotive interior, packaging, hand bags, wine bottle bags, sling bags, rugs and carpets (carpet backing), pulp for making paper (alternative to wood pulp), felt and webbing, mats, cushion covers, upholstery, jackets, footwear and fashion accessories.
Hessian cloth	Shoe, bags, gunny sacks, rope, packaging, sacking, agriculture bags.
Jute yarn	Carpet, weaving, agricultural use
Jute sacking	Packaging of construction material, carpet backing cloth

<sup>105</sup> <https://www.gftcl.com/>

<sup>106</sup> Attracting Investment in Bangladesh; Sectoral Analyses: A Diagnostic Trade Integration Study – The World Bank Group & Government of Bangladesh

### Growth Potential

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**Increasing demand for ecofriendly products:** Over the last decade, demand for jute products in international market has been growing due to increasing preference for eco-friendly products over synthetic counterpart. Favorable government policies encouraging eco-friendly product usage have further increased demand for bio-degradable jute products. The EU has banned the single use plastic products this year, further adding to forecasted demand in the future for jute products.<sup>107</sup>

Bangladesh being the 2nd largest producer of jute is in a favorable position to venture into the growing market for Jute Diversified Product (JDP). It is anticipated that as the demand for natural fibers blends increases, demand for jute and other alternatives will also be on the rise. At present, export of jute yarn and raw jute make up around 79 percent of overall exports from Bangladesh, providing ample opportunity for producers of higher value added finished jute products to manufacture and export environmental friendly jute based products. Bangladesh has ample opportunity to increase exports in jute products such as carpets and textile flooring, footwear as well jute based packaging items such as sacks and bags further.

### Investment Opportunities

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**Biodegradable Packaging material:** Growing environmental consciousness is leading to increase in demand for ecofriendly biodegradable packaging materials. While the industry is still at nascent stage, the ban on plastic packaging materials and bag in EU and many other countries is expected to boost the demand for the ecofriendly bags. The benefits offered by jute bags such as their biodegradability, durability, low cost, high strength, etc. is expected to further support the market growth for jute bags and packaging material. The global jute bag market was valued at US\$ 1.8 billion in 2018, registering a CAGR of around 11.5% between 2011-2018 and is anticipated to reach US\$ 3.1 Billion by 2024.<sup>108</sup>



Recently, biodegradable single use bag made from extracting cellulose from jute fibre was invented in Bangladesh.<sup>109</sup> The bag is light and is similar to plastic bags in appearance and is called Sonali bag. It is bio degradable, durable, light and recyclable. Growing awareness about the detrimental effects of plastic on the environment is expected to increase the usage of bio degradable jute products further in the future.

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<sup>107</sup> <https://www.europarl.europa.eu/news/en/press-room/20190321IPR32111/parliament-seals-ban-on-throwaway-plastics-by->

<sup>108</sup> <https://www.prnewswire.com/>

<sup>109</sup> <https://www.weforum.org/agenda/2019/07/plastic-from-burlap-bangladesh-invents-a-green-throw-away-bag>

The government has also been supporting the usage of jute products by making it compulsory to use jute bags in the packaging of 19 products including food grains in the domestic market creating an annual market of BDT 1,600 million jute bags in the country.<sup>110</sup>

**Automotive Jute:** With global regulation supporting lighter and lower emission vehicles, application of jute in automotive industry is increasing. Given Bangladesh's standing as the 2nd largest producer of jute, the environmental friendly natural fibre has great potential to increase its usage in automotive by producing dashboards, door panels, interior trims. Automobile brands such as BMW, Mercedes-Benz, Toyota, Renault, Mitsubishi, Volvo, Audi, Daimler Chrysler and Ford have been using jute fibres from Bangladesh. However, out of the global demand of around 100,000 tons of jute,<sup>111</sup> Bangladesh supplies 10,000 to 12,000 tons, indicating immense potential to increase its export by increasing production of automotive jute products. It is estimated that Bangladesh has the potential to capture the global automotive jute industry and earn \$5-7 billion per annum<sup>112</sup>.



### Government Incentives<sup>113</sup>

- 5% to 20% cash incentives on jute products export
- 20% export incentives on export of jute stick carbon

### Trade Association

- Bangladesh Jute Goods Exporters Association
- Bangladesh Jute Mills Association
- Bangladesh Jute Mills Corporation
- Bangladesh Jute Spinners Association

### Relevant Government Agency

- Jute Diversification Promotion Centre (JDPC), whose activities are guided, supported and monitored by The Ministry of Textiles and Jute. Website: [www.jdpc.gov.bd](http://www.jdpc.gov.bd)

<sup>110</sup> Budget Speech, 2021-21

<sup>111</sup> <https://bei-bd.org/wp-content/uploads/2020/06/7.Reviving-Exports-of-Jute-Products-from-Bangladesh.pdf>

<sup>112</sup> <https://bei-bd.org/wp-content/uploads/2020/06/7.Reviving-Exports-of-Jute-Products-from-Bangladesh.pdf>

<sup>113</sup> Incentives are stated in the National Industry Policy but subject to revision upon annually enacted Finance Act and individual Statutory Regulatory Orders (SROs). Companies located in EZs/ EPZs are entitled for different sets of incentive package of tax holiday and exemption.



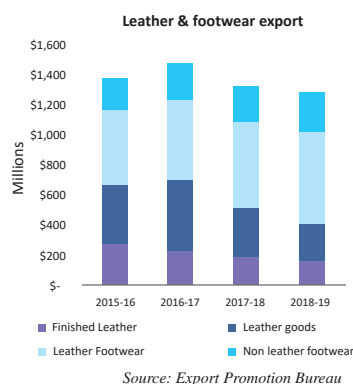
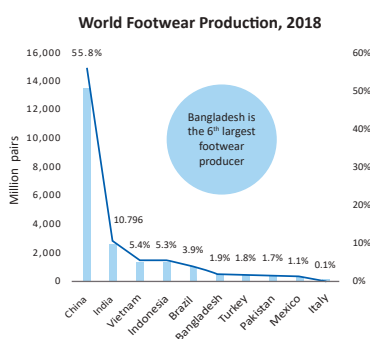
# Leather and Footwear

One of the oldest industries in Bangladesh, the leather and footwear industry has been making significant contributions to the economy over the years. Contributing 0.6% to GDP in 2018 and providing direct and indirect employment to over 850,000 people,<sup>114</sup> the industry caters to two different markets; domestic and foreign. A large and growing domestic market of USD 2 billion, is supplemented by exports well over USD 1 billion per annum. In FY 2018-19, the leather industry accounted for 3.2% of Bangladesh's annual exports, contributing \$1.29 billion.

The major products produced in the country include finished leather, footwear, leather products such as bags, purses, luggage, belts, wallets and leather jackets.

<sup>114</sup> Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh (LMFEAB). Investment Prospects in Bangladesh Leather Sector.

Footwear is the major product segment and includes both leather and non-leather footwear. During 2018, Bangladesh produced 461 million pairs of footwear.<sup>115</sup> At present, around 220 tanneries, 3500 small and medium enterprises (SMEs), 90 large firms, and 15 big enterprises are operating in the country primarily for the export market.<sup>116</sup>



## Growth Potential

**Increasing domestic demand:** The domestic market for footwear is currently valued around USD 2 billion. Driven by increasing purchasing power of a large and young population, the footwear industry has been growing at 10-15% per annum.<sup>117</sup> The per capita consumption of footwear, including leather, is currently 3-pairs, which was 1.7-pairs five years ago. With increasing economic growth and prosperity, this growth is expected to sustain for several years. In addition, the increasing number of working women is expected to boost the demand for footwear further. The market in Bangladesh is currently dominated by the informal sector. However, due to increase in urbanization, rise in working population, and competitive pricing, this is expected to change in the future with the sector being dominated by retail chains providing opportunity for branded outlets to increase their share.

**Increasing global demand provides potential to increase exports:** With the increase in worldwide disposable income and fashion awareness, the global leather goods market is forecasted to grow at a compound annual rate of over 5.54 % between 2018-2025,<sup>118</sup> and reach a market size of USD 629.65 billion by 2025. Major growth is forecasted in emerging economies such as China and India.<sup>119</sup> Although Bangladesh's major exports markets are concentrated in the EU followed by USA & Japan, it has a great opportunity to diversify its markets and increase exports to other emerging markets. Despite being one of the largest footwear producers in the world, Bangladesh captures less than 1% of the global export market providing ample scope to increase its share of the global export market further by diversifying its markets.

<sup>115</sup> Statista

<sup>116</sup> Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh

<sup>117</sup> Leather & footwear association

<sup>118</sup> Grandview research

<sup>119</sup> Development Study towards Quality Industrial Growth and Economic Development, JICA Discussion Document, February 2018

### China's gradual shift from labor intensive production to high tech and heavy manufacturing industry:

As China, the world's largest manufacturer is shifting from labor intensive industry to manufacturing hi tech products, it is expected that its share of the global leather goods and footwear export market will decrease in the near future as companies relocate to more advantageous production location. In addition, labor cost in China has been increasing causing significant increase in production cost in a labor intensive industry like leather and footwear manufacturing. This phenomenon is expected to accelerate further as companies move to diversify their supply chain after the outbreak of the coronavirus pandemic. As an alternative location, Bangladesh provides very favorable conditions for production of leather goods and footwear manufacturing. This is manifested by the recent increase in FDI into the sector.

### Competitive Advantage

#### Availability of raw material and presence of leather processing infrastructure:

Bangladesh produces 310 million sq. feet of raw hides annually. The raw hides are sourced from the vast cattle population reared in the country. In 2017, Bangladesh had the 12th highest cattle population in the world with 1.8% cattle & 3.7% goat of global livestock.<sup>120</sup> More than 11 million cattle were sold during the annual festival of Eid ul Adha, 2019 alone providing plentiful raw hides for the leather industry. By volume, Bangladesh occupies about 3.0% of the world's leather and leather products market.

*With a share of 2.4 % of global livestock, Bangladesh has the 12th largest cattle stock in the world.*

Bangladesh produces superior quality leather from local livestock, which are sorted and processed in tanneries around Dhaka; the tanneries are being located in a newly built 200-acre Leather Industrial park in Savar. The industrial park has a central water and effluent treatment plant (WTP & ETP) which will ensure processing of high quality leather with minimum impact to the environment and also keeping up with international buyers' compliance requirements.

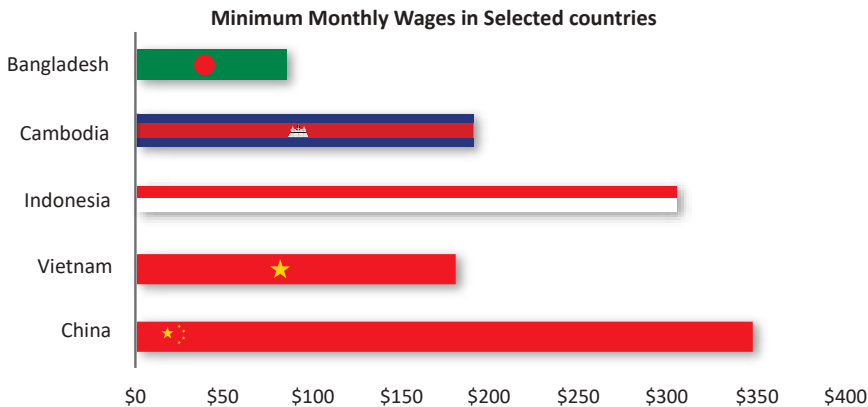
**Increased Linkage Industries:** Apart from the abundant source of local leather, there are an increased number of linkage industries such as packaging, lasting, adhesive, outsoles factories which are able to meet the growing demand for raw materials for the footwear industry.

**Availability of large, young, trainable workforce:** Bangladesh has one of the most competitive wages in the industry which results in lower cost of production in the leather & footwear industry.<sup>121</sup> In addition, the Bangladesh government and industry target to train at least 15,000 skilled workers by 2020 under the implementation of Skills for Employment Investment Program (SEIP) through the Ministry of Finance in cooperation with Asian Development Bank (ADB).

<sup>120</sup> Z. Rahman. 2017. Comprehensive Report 2017 on Bangladesh Leather goods and Footwear Industry. Dhaka: LFMEAB / Confederation of International Footwear. Association. <http://www.hkfootwear.org/content/upload/1511230567.pdf>

<sup>121</sup> <https://www.worldfootwear.com/news/cambodia-minimum-wage-for-garment-and-footwear-rises/4148.html>  
<https://asia.nikkei.com/Economy/Hungry-leaders-push-Southeast-Asia-s-minimum-wages-higher>  
<https://www.newagebd.net/article/94551/tk-7100-proposed-as-minimum-wage>

Moreover, East West University is successfully conducting the Graduate Diploma Program in Leather and Footwear Management under the Skills for Employment Investment (SEIP) Program, with a goal to train 300 trainees as a mid-level manager by 2020.



**Established sourcing destination:** Most reputed foreign brands that source leather & footwear products have directly sourced ready-made garments from Bangladesh over the years. These buyers already have experience with Bangladesh as a sourcing destination.

**Supportive Trade Policy:** Bangladesh enjoys duty free access in 52 countries including EU, Australia, New Zealand, Norway, Switzerland, Japan, Iceland, Russia, South Korea, Canada, Chile, India, Turkey, China.

#### Favorable Government Policy & Incentives:

- Fiscal & Other incentive**
- Support in the form of tax holidays depending on the location of the factory
  - Reduced tax rate on export income
  - Bond warehousing facilities for 100% export oriented leather industries
  - Duty draw-back facility
  - Duty free import of all types raw materials and machineries.
  - 100% foreign ownership permissible
  - Footwear companies using following raw materials such as tubes, pipes, plastics, PVC screen, textile fabrics laminated with PVC and plastics, knitted fabrics will be exempted from regulatory duty and supplementary duty
  - Low cost loan for set up of green technology
  - Export credit guarantee scheme. 90% loans against letters of credit and funds for export promotion.

- Cash Incentive**
- 15 percent cash incentive on the export of shoes and bags made by synthetic and fabrics /Customs bond and duty draw back facility
  - 4% cash incentive on the export of shoes and bags made by synthetic and fabrics to the Euro region

Investment Opportunities

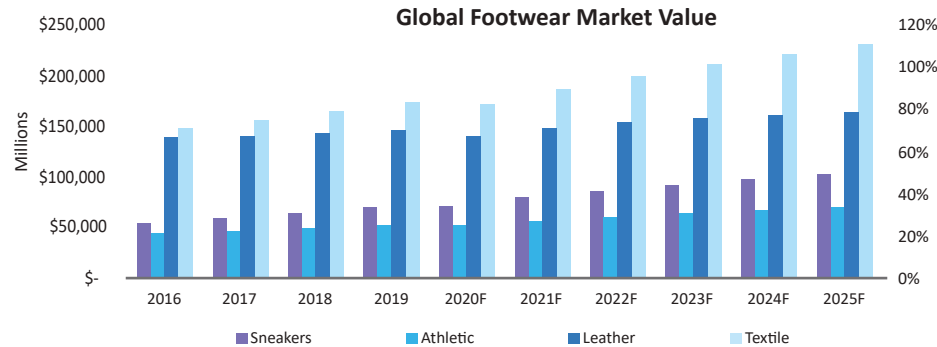
**Leather goods manufacturing:** Considering Bangladesh’s abundance of raw materials, large pool of labor, trade benefits, manufacturing of leather products in the country is very cost efficient. The value addition in producing final products such as leather footwear, leather bags, wallets, belts, leather jacket, luggage, etc. can be as high as 85%.<sup>122</sup> Considered as a premium product, leather goods such as footwear,

*Bangladesh has developed ‘Leather and Leather Goods Development Policy 2019’ incorporating 17 types of incentives to boost the sector’s export earnings to \$5 billion by 2024.*

*Besides, in order to facilitate the growth of footwear & leather goods industry, three industrial parks are being set up in Rajshahi, Savar & Chattagram area.*



handbags, wallets, belts also command higher margins and occupy a significant share of the market. As indicated by the value of the global footwear market in 2019, leather footwear consisted of 33% percent of total value while commanding 18% of total volume. The composition of Bangladesh leather and footwear sector has been gradually shifting from processed leather to leather footwear and non-leather footwear.



Source : Statista

**Non-leather footwear manufacturing:** Although leather is one of the prominent materials used for making footwear, there are several other materials such as plastic, rubber, textile which are used to produce shoes. Being a luxury material, leather shoes are more expensive compared to non-leather shoes. Due to their lower cost, non-leather footwear made of plastic, textile is used more frequently. This is reflected by the total volume of footwear sold globally. Around 82% of footwear sold in 2019 were accounted for by non-leather material. 68% footwear were made of textile, while 18% were leather based. Sneakers and athletics footwear made up the remaining 14% of footwear sold.

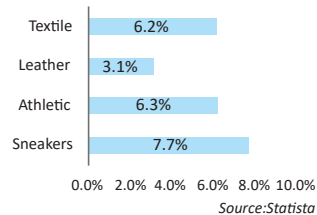
<sup>122</sup> Leather & Footwear Association





According to a projection made by Statista, the sneakers and athletic footwear segment is projected to have the fastest growth between 2020-2025, registering a CAGR of 7.7% and 6.3% respectively. Increasing health consciousness is driving people into sports and exercise which is expanding the demand for athletic shoes made of artificial and synthetic material for men and women of all age groups. This is followed by textile footwear with 6.2% and leather footwear with 3.1%. In 2018-19, Bangladesh exported \$271.53 million worth of non-leather footwear achieving a YOY growth rate of 11.24%. As Bangladesh has the expertise in producing shoes, there is an opportunity to utilize the

Forecasted CAGR (revenue) for footwear segments 2020-2025



knowledge and experience and capture a larger share of global market in the non-leather footwear segment.

**Designing & Branding:** The global luxury leather goods market size was valued at USD 48.0 billion in 2018 and is expected to expand at a healthy CAGR till 2025. Rising demand for attractive leather products as a symbol for status as well as inclination of luxury consumers towards various international brands are driving the demand for luxury leather products. To capture the luxury market, branding and designing plays a significant role and investment in this segment would be desirable.

### Industry Association

- Leathergoods and Footwear Manufacturers & Exporters' Association of Bangladesh
- Bangladesh Tanners Association



# Light Engineering

Known as the mother of all industries, the light engineering sector makes an important contribution to the industrial, agricultural, automobile and construction sectors of the country by providing machinery and equipment, spare parts, casting, molds, as well as repair & maintenance services to keep the industry functioning in Bangladesh. At present, there are around 50,000 micro and 10,000 small and medium light engineering companies operating in the country<sup>123</sup> providing employment to more than six hundred thousand people and producing more than 10,000 products. These include industrial and workshop machinery, automobile component and spare parts, bicycle and bicycle parts and component, ferrous & non-ferrous casting products, mold & die, agricultural machinery, construction machinery, printing and packaging machinery, spare parts for almost all category of machine and equipment. In 2018, the total market was estimated to be USD 12 billion in 2018.<sup>124</sup>

<sup>123</sup> Study by International Finance Corporation (IFC), in partnership with the UK Department for International Development and the Norwegian government

<sup>124</sup> Roadmap for light engineering export, PWC

## Growth & Investment Potential

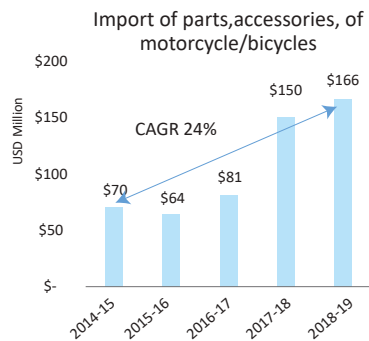
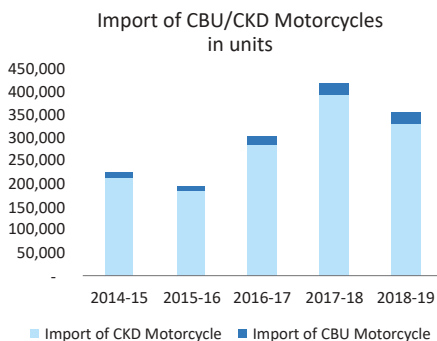
**Motorcycle and spare parts industry:** The motorcycle market has been experiencing tremendous growth during the last several years. Rising affordability is driving the demand for motorcycles. In addition, limited parking spaces and growing traffic congestion in major cities like Dhaka are prompting people to consider



motorcycles as a primary commute option. The number of domestic motorcycles registered grew from below 100,000 in 2014 to over 400,000 in 2019.<sup>125</sup>

Demand for motorcycle has been growing at a CAGR of 35% since 2014

Over 95 % of the motorcycles are either assembled/manufactured in the country.<sup>126</sup> Currently many foreign and local manufacturers such as Honda, Suzuki, TVS, Runner, are assembling motorcycles in the country leading to a growing untapped market for automobile parts and components. At present, the automotive spare parts market is around US\$ 600 million<sup>127</sup> and comprises primarily imports, providing a potential market for motorcycle parts and components manufacturers



**Bicycle and bicycle spare part manufacturing:** The bicycle export industry is the largest export product in Bangladesh's engineering sector, contributing about USD 84 million in 2018-19<sup>128</sup> and USD 67 million in 2019-2020 (July-March). This industry caters to two different markets; domestic and foreign. Bangladesh manufactures around 2 million bicycles every year of which 1.2 million are exported.<sup>129</sup>



<sup>125</sup> Bangladesh Road Transport Authority

<sup>126</sup> Based on import data by NBR Data

<sup>127</sup> Engineers Association

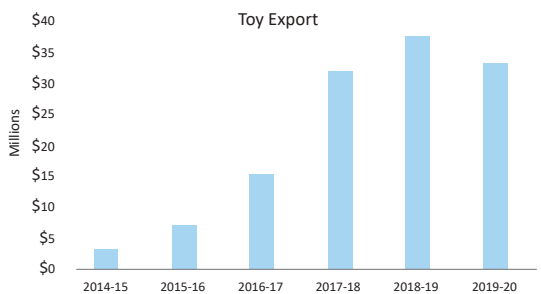
<sup>128</sup> Export Promotion Bureau

<sup>129</sup> <http://www.theindependentbd.com/post/213652>

In 2018, Bangladesh was the 3rd largest non-EU exporter of bicycles to the EU and the 18th largest exporter overall.<sup>130</sup> There is immense potential to increase exports of bicycles as the global bicycle market size is expected to grow at a CAGR of 6.1 % and reach USD 75.47 billion by 2025<sup>131</sup> from current market size of around USD 62 billion. Increasing awareness of health benefits associated with cycling are expected to augment market growth. Moreover, rising emphasis on the use of non-polluting vehicles for short distance commutes by the governments across the developed world is expected to increase the market growth. In addition, the need to maintain social distancing in public transportation is expected to increase the demand for bicycles during the post lockdown pandemic period in Europe and elsewhere. As several European governments have declared special subsidies to encourage cycling,<sup>132</sup> it can be expected that the demand for bicycles will grow further and as Bangladesh is a major supplier of bicycles to Europe, it provides Bangladeshi exporters with the opportunity to increase their exports.

The domestic market for bicycles is also growing at 30-35% per annum.<sup>133</sup> Currently there are 4 OEMs in Bangladesh producing and exporting bicycles in addition to around 40 small & medium companies manufacturing bicycle parts and components.<sup>134</sup> Recently German bicycle manufacturer Cube also announced plans to set up a bicycle manufacturing plant in Bangladesh. However, as a major portion of the parts and components of bicycles are imported, there is ample opportunity to invest in both bicycle manufacturing as well bicycle parts manufacturing. During FY 2018-19, Bangladesh exported bicycles spare parts worth USD 4 million.<sup>135</sup> Bicycle tires and inner tubes worth USD over 1 million were exported as well.<sup>136</sup>

**Toy Manufacturing:** Export of toys from Bangladesh has grown from USD 3 million in FY 2014-15 to USD 33 million in FY 2019-20, growing at a compound annual rate of 61%. The primary export destination is the EU followed by the USA. Global export of toys accounts for USD 38 trillion providing ample opportunity to Bangladesh to increase its exports.



Source: Export Promotion Bureau

<sup>130</sup> <http://www.worldstopexports.com/bicycles-exports-country/>

<sup>131</sup> Grandview Research

<sup>132</sup> <https://tbsnews.net/feature/panorama/bicycling-better-post-pandemic-alternative-88099>

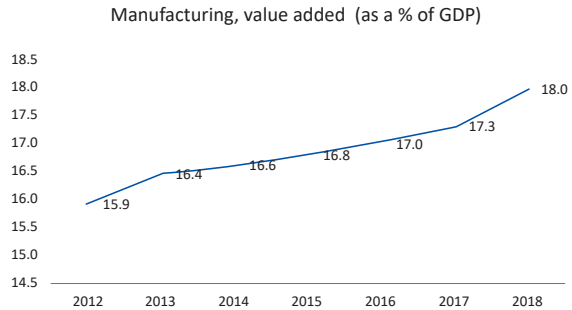
<sup>133</sup> Mizanur Rahman, former president of the Bangladesh Bicycle Merchants' Assembling and Importers' Association

<sup>134</sup> World Bank Diagnostic Study

<sup>135</sup> Export Promotion Bureau

<sup>136</sup> Export Promotion Bureau

**Industrial Machineries and spare parts and components:** The contribution of the manufacturing sector to GDP has been increasing over the years. As the manufacturing sector expands, it will drive up the demand for machineries and parts. Increasing industrialization and growth of assembling industries such as automobile, shipbuilding, electronics, mobile phone, etc. is expected to increase the demand for parts and components which are mostly imported into the country. In addition, expansion of industries such as RMG, pharmaceuticals, plastic, is anticipated to expand the growth of the capital machineries and spare parts further. Besides, implementation of 100 Special Economic Zones (SEZs) are underway which is expected to drive the demand for light engineering products like capital machinery and spare parts in those industries. Thus there remains immense opportunity for import substitution by local production.



Source: World Bank

## Sector Advantage

- Bangladesh is one of the most cost efficient production hubs in the world with abundant labor. Currently, the majority of the population is below 27 years and approximately 1 million people are joining the workforce each year. Besides, increasing wages in countries such as China makes Bangladesh even more cost efficient.
- Bangladesh has a well-developed steel industry. In addition, the strategic location of Bangladesh makes it easy to import raw material such as alloy, iron, copper from China and India. This location advantage also provides huge potential to export to India and China.

## Supportive Trade Policy :

- Duty free access to 52 countries including EU under GSP
- Bangladesh avails trade preference and concession under GSP, SAFTA, APTA, BIMSTEC trade frameworks.
- Quota free duty free access to 8,256 products to China

### Government Policy & Incentive :

#### Fiscal Incentive

- Industries engaged in the production of agriculture machinery, electrical transformer, nanotechnology based products manufacturing, textile machinery, automobiles, automobile parts, tires, boilers, boiler parts, compressors, compressor parts, bi-cycles and parts manufacturing, basic components of electronics, Automation and Robotics design and manufacturing including parts and components, toy manufacturing are entitled to reduced-tax benefits for 5 or 10 years depending on location.
- 50% of income derived from export is exempted from tax
- Tariff concessions on import of capital machinery and duty drawback facility
- Bonded warehousing facility for large imports of ingredients for production
- No VAT on export goods
- Complete/partial import duty exemption on some raw materials imported by manufacturers of certain products (compressor, generator)
- Reduced customs duty on brass wire & copper plate (inputs for mold manufacturing)
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation.

#### Other Facilities

- Supply of investment credit at reduced rate of interest on a high priority basis
- Moratorium on income tax
- Export credit on easy terms and reduced rate of interest
- Subsidized rate for air transportation, Duty drawback and bond facilities
- Special Economic Zone for Light Engineering sector will be established
- 15% cash incentive against light engineering product export

### Relevant Association

- Bangladesh Motorcycle Assemblers & Manufacturers Association (BMAMA)
- Bangladesh Engineering Industry Owners Association (BEIOA)
- Automobile Component and Accessories Manufacturers Association (ACAMA)
- Bangladesh Bicycle and Parts Manufacturers and Exporters Association (BBPMEA)
- National Association of Small and Cottage Industries of Bangladesh (NASCIB)



# Electronics & Electrical Equipment

The electronic and electrical equipment industry consists of a wide range of consumer and industrial electronic products. There are around 3,000 organizations involved in the sector employing around 1 million people.<sup>137</sup> The electronics industry in Bangladesh mostly produces consumer items such as mobile phones, home appliances like refrigerators, air conditioners, televisions, electronic fans, radios, DVDs and CD players, ovens, blenders etc. Electrical equipment such as accumulators, transformers, diodes are also manufactured for the local market as well as export market.

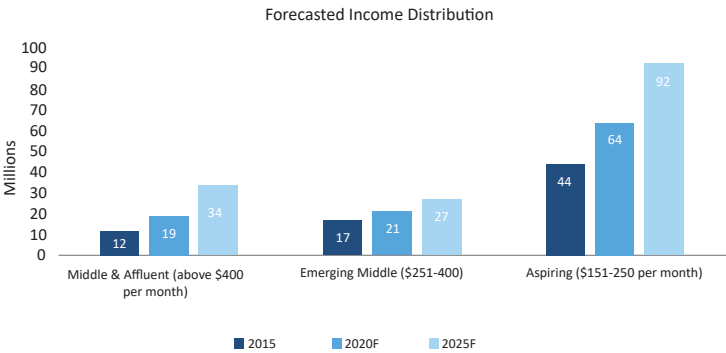
<sup>137</sup> MRC Bangladesh Ltd, November 2017



The market size of the electronics industry comprising both industrial and consumer electronics was estimated to be around USD 5.29 billion at the end of 2019. The industry is expected to grow at a rate of 15% per annum and reach around USD 12 billion by 2025.<sup>138</sup> The size of the consumer electronics market was estimated to be around USD 2.38 billion in 2019 and it is expected to reach around USD 6.3 billion by 2025. The most popular consumer electronics product is mobile phone followed by refrigerator, television and air conditioner.

Growth Potential

**Increasing income with a rising middle class:** Sustained economic growth over the last decade has increased consumer purchasing power and affordability. Consumer expenditure has been growing at 10% per annum since 2014 and stood at BDT 190,062,661 million at the end 2019.<sup>139</sup> HSBC Global projected Bangladesh GDP to grow by 7.1 % per annum till 2030 (the fastest in the world) and become the 26th largest economy by 2030.<sup>140</sup> Besides, the rising middle and affluent segment of the country is expected to drive growth of consumer durables further. According to Boston Consulting Group<sup>141</sup>, consumer spending on convenience durables such as refrigerator, smart phone, laptop is likely to increase rapidly once monthly income crosses USD 150 (aspirant class), while spending on comfort durable goods such as flat panel TV, cars, microwave, air conditioner) accelerates once monthly income crosses USD 250 (emerging middle class). According to the report, the middle & affluent class (income over \$400 per month) in Bangladesh is growing at a rate of 10.5% annually and is expected to reach 34 million by 2025, while the aspirant class (income per month between \$151-\$250) is expected to increase to 92 million and established middle (income between \$251-\$400 per month) will increase to 27 million by 2025. As the overall population moves up the income ladder, the population at the bottom of the pyramid (income per month below \$150) is expected to decrease to 48 million during the same period. This rapid rise in income of every segment will provide a major boost to consumer products.



Source: Boston Consulting Group

<sup>138</sup> MRC Bangladesh Ltd, November 2017  
<sup>139</sup> <https://www.ceicdata.com/en/bangladesh/sna08-gdp-by-expenditure-current-price/gdp-consumption-expenditure>, data retrieved on July 25, 2020  
<sup>140</sup> HSBC Global report the World in 2030  
<sup>141</sup> Middle & Affluent Class=Monthly income over \$400, Bangladesh: The Surging Consumer Market Nobody Saw Coming, Boston Consulting Group



## Investment Potential

**Mobile phone:** The 5th largest market in the Asia Pacific and the 9th largest market <sup>142</sup> in the world by unique mobile phone subscribers, Bangladesh is experiencing rapid growth in demand of mobile phones. At the end of 2019, unique mobile phone subscribers stood at 90.18 million, representing a penetration rate of 54% while total mobile phone connections stood at 165.57 million.<sup>143</sup> With increasing internet penetration, demand for internet enabled devices such as smartphones have been growing rapidly. The gradual improvement in smartphone affordability, as well as the rapid expansion in the availability of mobile broadband services, has driven the growth of smartphones in Bangladesh over the last few years. Smartphones now account for an installed base of 59.8 million, representing 36% of total connections. This is expected to reach 75% by the end of 2025.<sup>144</sup> The annual demand for handsets is around 35 million. During 2019, a total of 29.6 million<sup>145</sup> handsets were imported of which 6.95 million were smart phones while the remaining were feature phones.

With the government encouraging manufacturing and assembly through substantial fiscal incentives, there has been a noticeable shift towards local assembly of mobile phones. At present, there is 57% customs duty on smartphone import while the duty on components of locally assembled smartphones is around 17%. Locally manufactured handsets are taxed at 5 percent. During FY 2018-19, around 8 million units of mobile phones were assembled in the country.<sup>147</sup> During the last quarter of 2019, 75 percent of smartphones that were imported were locally assembled. This was only 25% during the first quarter of 2019.<sup>148</sup> Currently, several local and foreign brands such as Walton, Samsung, Transsion, Symphony are being manufactured/ assembled in the country. Samsung is currently assembling majority of its smartphones locally, while VIVO and OPPO have also started to produce locally.<sup>149</sup> Nokia has also announced plans to start local production soon. Apart from serving the local market, export of mobile phones has also started on a small scale.



**Consumer Appliances** also provides vast opportunity for growth due to very low penetration levels for various products. Rising urbanization, increasing electrification in rural areas, easy access to credit, growing women participation in the workforce, increasing globalization with growing internet usage and smartphone penetration is expected to drive the demand for consumer appliances at a rate of 15% per annum. Besides, washing machine, air conditioner and refrigerator penetration levels in Bangladesh are at 2%, 3% and 20% respectively – much lower than levels seen in regional peers or globally.<sup>150</sup> At present Samsung, LG Electronics, Walton, Singer Bangladesh are assembling television and refrigerator locally. The demand for air conditioner, refrigerator and smart TV has been registering a rise in the urban areas while television, refrigerator, and fans are also seeing an increase in the rural areas. Bangladesh imported electronic products worth around USD 3 billion in 2018-19<sup>151</sup> among which mobile phones, air conditioner and refrigerator made up the greater share.

<sup>143</sup> GSMA Intelligence, Bangladesh Country Overview

<sup>144</sup> Bangladesh Telecom Regulatory Authority

<sup>145</sup> GSMA Intelligence, Bangladesh Country Overview

<sup>146</sup> Counterpoint Research, <https://www.counterpointresearch.com/impact-rising-import-duties-bangladeshs-handset-market/>

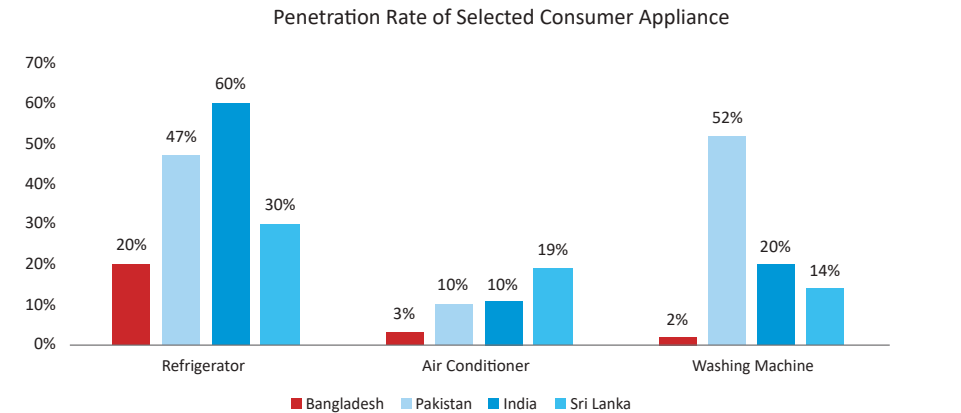
<sup>147</sup> IDC India, <https://www.idc.com/getdoc.jsp?containerId=prAP46077520>

<sup>148</sup> BTRC data

<sup>149</sup> IDC India, Bangladesh Mobile Phone Market Registers a Modest 4.1% Growth in 2019; Vendors Shift Gears to the Local

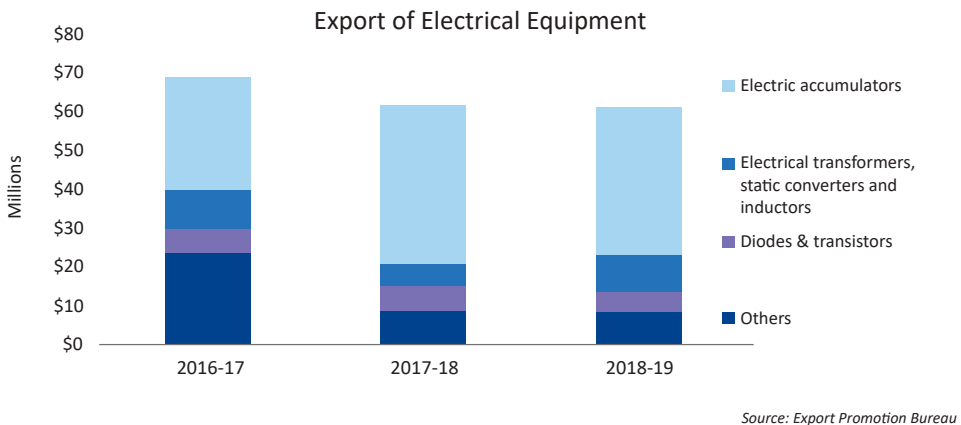
<sup>150</sup> Assembly, IDC India Reports

<sup>151</sup> Asia Frontier Capital



Source: Asia Frontier Capital

**Electrical equipment and components:** Apart from consumer electronics, Bangladesh produces as well as exports electrical equipment such as accumulators, diodes, transformers to Japan, India, Singapore, Hong Kong, etc. Electric accumulators were the largest contributor of export income from the electronics and electrical equipment sector. The export trend of electric accumulators grew at a CAGR of 12% between 2015 to 2019. Diodes, transistors and similar semiconductor devices are also being exported from Bangladesh primarily to Japan and China. Although Bangladesh has shown a strong growth in increasing the exports of diodes from USD 0.72 million in 2011 to USD 5.26 million USD in 2019, it is still a very small fraction of the \$372.7 billion global market,<sup>152</sup> indicating potential opportunity to improve share of the global market.



Source: Export Promotion Bureau

<sup>152</sup> UN Comtrade data, 2019

**Supportive Government Policies & Incentives :**

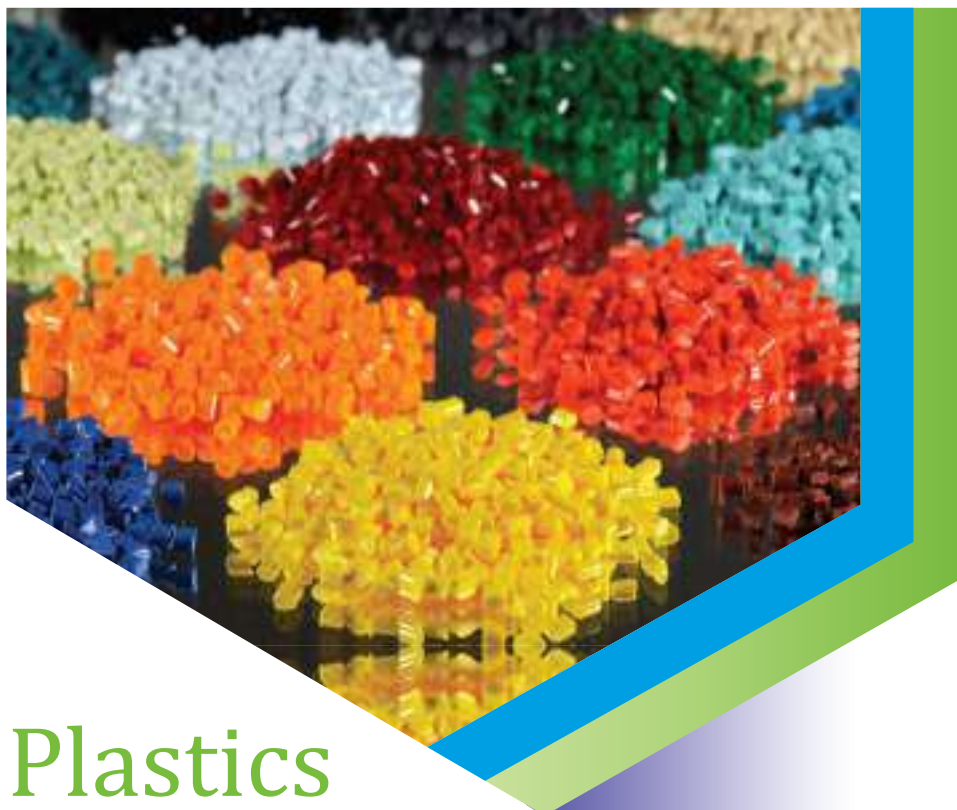
- Industries engaged in the production of home appliances (blender, rice cooker, microwave oven, washing machine, LED television, mobile phone, induction cooker, water filter etc.), compressor including parts thereof, basic components of electronics, electrical transformer, nanotechnology based products, automation & robotics design including parts, are entitled to reduced tax benefits up to 5 to 10 depending on location.
- Manufacturers of air conditioners, refrigerators are entitled to reduced corporate taxes of 5% from July 2009 till June 2021 and manufacturers of compressors, refrigerator, air conditioner are entitled to a corporate income tax rate 10% from July 2021 till June 2032.
- 50% of income derived from export is exempted from tax
- Tax exemption on royalties, technical knowhow and technical assistance fees and facilities for their repatriation
- Tariff concessions on import of capital machinery and duty drawback facility
- Bonded warehousing facility for large imports of ingredients for production
- No VAT on export goods
- Complete/partial import duty exemption on some raw materials imported by manufacturers of certain products (compressor, generator, refrigerators, air conditioners)
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements

**Supportive Trade Policy :**

- Duty free access to 52 countries including EU under GSP
- Bangladesh avails trade preference and concession under GSP, SAFTA, APTA, BIMSTEC trade frameworks.
- Quota free duty free access to 8,256 products to China

**Relevant Association :**

- Bangladesh Electrical Merchandise Manufacturers' Association (BEMMA)
- Bangladesh Engineering Industry Owner's Association (BEIOA)



# Plastics

Plastic is one of the key industrial sectors in Bangladesh making significant contribution to the country's economy. There are around 5,000 plastic enterprises in Bangladesh, employing about 1.2 million<sup>153</sup> people and producing a variety of products for the domestic as well as the export market. Plastic is a key component of many products in other sectors of the economy like textile, healthcare, construction, electronics, energy generation, automotive, etc. Bangladesh primarily produces household goods, packaging products for food processing, pharmaceutical & FMCG industry, garments bags & accessories, toys, sanitary items and construction products including PVC pipes. The domestic market size was over USD 2,500 million in 2017,<sup>154</sup> while the direct export value of plastic goods was around USD 120 million in FY 2018-19. Besides, deemed export items comprising accessories and materials for the ready-made garments sector such as plastic hangers, buttons, clips, collar chips, and packaging materials contributed USD 900 million in 2018.<sup>155</sup>

<sup>153</sup> JICA Survey, Plastic Sector, 2017

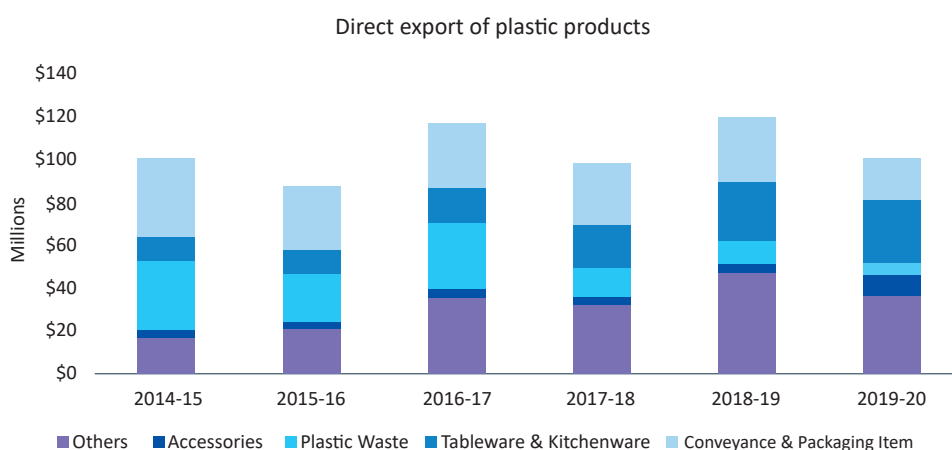
<sup>154</sup> BPMGEA Brochure, 2017, USD=BDT rate used 78.90

<sup>155</sup> <https://dataabd.co/stories/prospects-of-plastics-sector-a-rarely-told-story>

## Growth Potential

**Large domestic market with growing purchasing power:** With increasing income and subsequent increase in consumption, the plastic industry has been growing at an annual rate of 20%.<sup>156</sup> Although per capita consumption of plastic grew from 5.56kg in 2005 to 17.24 kg in 2017<sup>157</sup> it is still below the global average of 80 kg (Recycling International, 2012) indicating potential for further growth. In addition to increasing demand for consumer items such as plastic furniture and kitchenware, double digit growth among established industries such as RMG, pharmaceutical, healthcare, motorcycle assembly and electronics industry is expected to drive the demand for plastic products in the domestic market. At present, the majority of RMG accessories such as hangers and packaging materials are sourced locally.

**Growing export market :** Plastic exports from Bangladesh have been growing at a rate of 4.5 % per annum since 2014. Bangladesh exports a variety of plastic products among which packaging and conveyance items make up the largest export item. This is followed by consumer products such as tableware and kitchenware. Exports of household items have been particularly promising with a growth rate of 25% per year since 2014. PVC pipes, polythene sheets, plastic waste, garment accessories items such as bags, plastic hangers, PET/PE bottles are also some of the other significant plastic products exported by Bangladesh. The primary export destination includes the USA, Canada, EU, China, India and Nepal. The global market for plastic products is expected to grow at an annual rate of 4% and reach USD 721.14 billion by 2025, driven by an increase in application of plastic in automotive, construction and packaging industries providing ample opportunity to raise exports from Bangladesh.<sup>158</sup>



Source: Export Promotion Bureau

<sup>156</sup> BPMGEA

<sup>157</sup> Waste Concern & Department of Environment, February 2019

<sup>158</sup> Grandview Research

### Investment Opportunities

**Consumer product:** Plastic goods are convenient, light and durable as well as cheaper compared to materials such as wood, metal, paper or glass, making them a superior alternative as kitchenware, furniture and home decoration items. Growing at a rate of 20% per year, the domestic plastic consumer products such as furniture, tableware and kitchenware market was valued at USD 238 million in 2015.<sup>159</sup> With the rapid growth in purchasing power combined with increasing urbanization, demand for convenient plastic furniture is expected to grow further. In addition, exports of tableware and kitchenware products from Bangladesh have been growing at a rate of around 22% since 2014, albeit from a smaller base. Besides, with the global trade of plastic items such as kitchenware & tableware and household plastic items accounting for USD 42.7 billion and USD 33.68 billion respectively in 2019,<sup>160</sup> Bangladesh has plenty of opportunities to increase its exports of plastic household items further.



**Untapped market for automotive plastic:** At present, the motorcycle assembly and manufacturing industry in Bangladesh is booming with the presence of many foreign and local motorcycle manufacturers such as Honda, Suzuki, Bajaj, Hero, TVS, Runner, among many others. The registration of motorcycles has been growing at an annual rate of around 35% since 2014 with over 400,000 motorcycles sold in 2019.<sup>161</sup> This phenomenon has created demand for automotive plastic in the domestic market. In addition, driven by demand for more affordable, lightweight, emission control and fuel-efficient vehicles, automotive plastic is projected to be the fastest growing plastic segment globally. It is expected to grow at a CAGR of 11.5 % and reach a market size of USD 68.58 by 2025 from USD 31.69 million in 2018.<sup>162</sup>



**Plastic for building & construction industry:** In lieu of their light weight, corrosion resistance qualities, application of plastic products such as PVC pipes in construction and infrastructure is expected to increase. As infrastructure spending is rising in Bangladesh, this is expected to lead to an increase in demand for construction related plastic items. Furthermore, Bangladesh has opportunities to increase its export of PVC pipes as increasing construction and infrastructure projects globally, particularly in Asia Pacific, will increase the demand for plastic based construction products.



<sup>159</sup> <http://emergingrating.com/wp-content/uploads/2017/09/Plastic-Industry-of-Bangladesh-Vol-I.pdf>

<sup>160</sup> UN Comtrade data

<sup>161</sup> BRTA data

<sup>162</sup> Grandview Research

**Packaging industry:** Plastics industry is now working as a backward linkage industry for many growing industries, especially the RMG, pharmaceuticals & FMCG. This has created a lot of opportunities for value addition within the country. Moreover, with further development of industries such as food processing, agriculture, healthcare, the plastics packaging sector is expected to experience robust growth. Furthermore, globally driven by high demand from consumers in emerging economies, the packaging industry is estimated to be one of the most prominent application segment in the plastics market between 2020 till 2027 accounting for more than 35.0% of the overall revenue by 2027.<sup>163</sup>

**Plastic waste recycling:** Bangladesh imports 142,000 tons of PET resin a year for producing PET bottles and synthetic yarn.<sup>164</sup> On the other hand, it exports more than 50,000 tons of PET bottle flakes a year valued at USD 25 million.<sup>165</sup> Although around 4 billion PET bottles are produced each year, 3.40 billion such bottles are disposed. Instead of disposing of these bottles and causing environmental hazard, there is sufficient potential to recycle these PET bottle flakes into recycled PET resin (rPET) and Polyester Synthetic Fiber (PSF). Apart from demand from the huge Bangladesh textile industry, there is ample demand for PSF in the global market. Driven by growing awareness about environmental protection and demand for sustainable textile, the global market size of PSF is expected to grow at a rate of 4% per year and reach USD 34.54 billion by 2025.<sup>166</sup>

Fiscal Incentive	<ul style="list-style-type: none"> <li>• Designated as Priority Sector by the National Industrial Policy - 2016</li> <li>• Plastic recycling industry is entitled to reduced taxation under Income Tax Ordinance 1984, section 46BB</li> <li>• Reduced import duty on raw materials</li> <li>• Import duty exemption on capital machineries</li> </ul>
Export Subsidy	<ul style="list-style-type: none"> <li>• Export subsidy of 10 percent on polyester staple fiber plastic produced from pet bottle flex.</li> <li>• Export subsidy of 5 percent on PET bottle</li> </ul>

#### Supportive Trade Policy :

- Duty free access to 52 countries including EU
- Bangladesh avails trade preference and concession under GSP, SAFTA, APTA, BIMSTEC trade frameworks.
- Quota free duty free access to 8,256 products to China

#### Relevant Association

- Bangladesh Plastic Goods Manufacturers and Export Association (BPGMEA)
- Bangladesh Plastic Flakes Manufacturers and Export Association (BPFMEA)

<sup>163</sup> Grandview Research

<sup>164</sup> <https://today.thefinancialexpress.com.bd/trade-market/exports-of-plastic-bottle-waste-crash-land-after-china-ban>

<sup>165</sup> Financial express, May 18, 2018, Plastic bottle waste export slumps

<sup>166</sup> Transparency Market Research





# Automobile

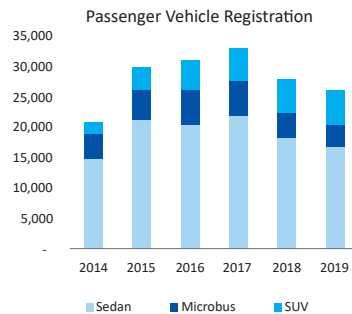
Over the last decade, the Bangladesh automobile industry has experienced phenomenal growth on account of consistent economic growth. The total number of registered vehicle in Bangladesh for all vehicle category stands at 4.3 million units as of 2019.<sup>167</sup> The market is dominated by two wheelers with a share of 67% (2.85 million units), followed by four wheelers with a share of 26% (1.08 million units) and three wheelers making up 7% (0.32 million) of the total registered vehicles. The four wheeler market comprises private passenger vehicles and commercial vehicles with around 535,000 units and 548,000 units respectively.

**Passenger Vehicles:** The demand for passenger vehicles is met primarily by CBU imports comprising more than 95 % of vehicles sold in the market. During FY 2018-19, 21,501 CBU passenger vehicles worth USD 327 million was imported into the country. 80% of the passenger vehicle is accounted by reconditioned sedan and SUVs while the remaining is made up of brand new cars. During the last several years, a noticeable inclination towards the more expensive SUVs has been observed with sales of SUVs increasing at 28% per annum since 2013.

<sup>167</sup> Bangladesh Road Transport Authority

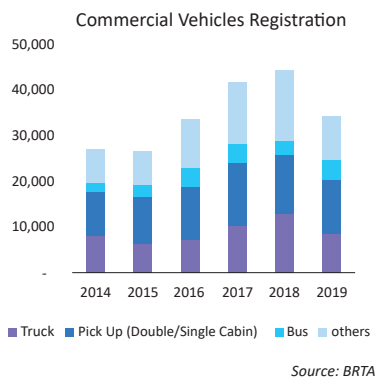


The retail price of passenger vehicles which is the major driving force behind sales of passenger vehicles, is heavily influenced by import duties. Bangladesh imposes one of the highest import tax on CBU vehicles in the world, keeping the retail prices of brand new imported cars out of the purview of average middle class buyers, compelling them instead to opt for lower priced imported reconditioned cars subject to depreciation rates set for each vehicle age (up to five years-old). While international brands are engaged in import-sales of brand-new vehicles through local dealerships, some have commenced local assembly on a semi knock down (SKD) basis in association with local Original Equipment Manufacturers (OEMs) in preparation for the new policy direction to promote assembly and the growing purchasing power of the middle/ affluent income class (reaching 34 million by 2025.<sup>168</sup>) Currently, passenger vehicle brands that are assembled in the country are Hyundai, Mitsubishi, Proton.



**Energy-efficient Vehicles (EEV):** Bangladeshi government in June 2017 announced a noticeable shift in policy direction towards eco-friendly vehicles, i.e., energy-efficient vehicles (EEVs). To encourage the usage of EEVs among population, the government has lowered the import tariff imposed on hybrid vehicles. Since then, hybrid vehicle import has been increasing fast, supported also by the growing concerns about rising fuel gas price (led by depletion of domestically produced gas). During the period between 2017 and 2019, the share of hybrid vehicles (with 1,600-2,000cc) out of total imported passenger vehicles has largely risen from around 15% up to 30%.

**Commercial Vehicles:** Commercial vehicle (bus, truck, van, pick-up, etc.) is another promising segment in Bangladeshi automobile market. During FY2018-19, over 87,000 CBUs of commercial vehicles were imported. Logistic and construction industries have been the largest

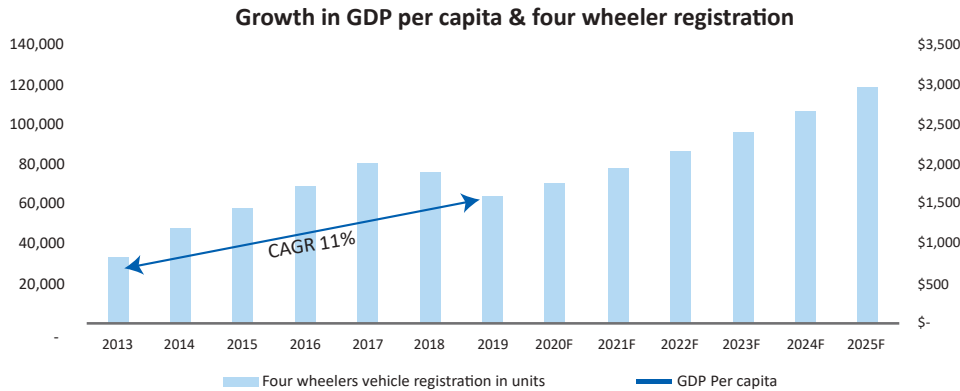


sources of the demand, benefiting from the growth of export-oriented industries, trading activities and many on-going infrastructure projects. While the demand for overall commercial vehicles has grown at the average rate of 12% per annum, the demand for pick-up and bus in particular has doubled since 2013. In parallel to CBU import of commercial vehicles, several companies have imported around 11,000 complete knock down (CKD) vehicles of Japanese (Hino) and Indian (Mahindra, Ashok Leyland, Tata) brands in FY2018-19 for local assembly. Some local suppliers are available for painted body and parts for buses. Among the commercial vehicles, relatively higher import duties are imposed for pick-up (ranging from 130% to 836% depending on cylinder capacity) and van (from 27.37% to 32.20%). Due to the limited capacity of local assembly, Bangladeshi market still depends on imported CBU for large portion of needs for commercial vehicles. Since pick-up type vehicle has been increasingly popular in Bangladesh, a few foreign brands have started to assembly locally or are planning to establish assembly plant.

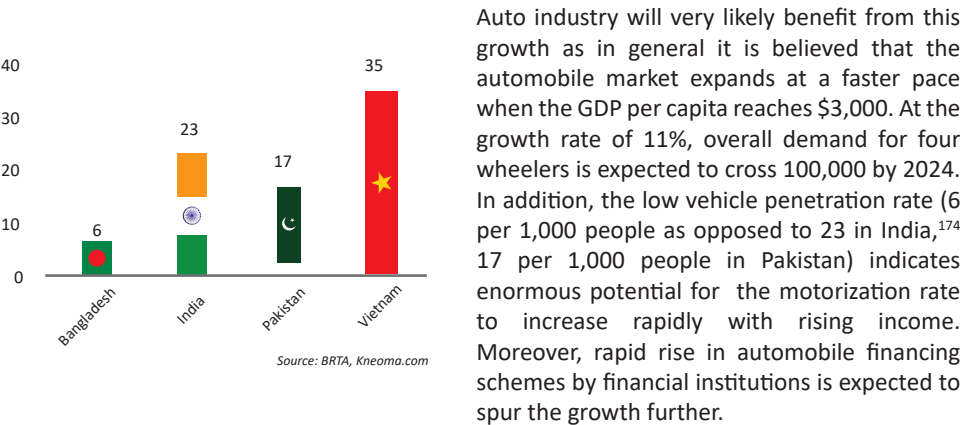
<sup>168</sup> BCG Estimate

Growth Potential

**Large domestic market** of 165.6 million<sup>169</sup> with growing income provides a perfect opportunity for investment in the sector. After growing at an average of over 6% from 2004 to 2014, the GDP growth rate surpassed 7% in 2015 and crossed 8% in FY 2018-19.<sup>170</sup>



The demand for motorcycles took off rapidly from 2014 after the per capita income had crossed USD 1,000. This growth is likely to continue as every year an additional 2 million people join the ranks of middle class.<sup>171</sup> In addition, the rising middle and affluent section<sup>172</sup> of the country is expected to drive growth of passenger vehicles further. According to a Boston Consulting Group report, the middle and affluent class in Bangladesh is growing at a rate of 10.5% annually and is expected to reach 34 million by 2025 which will give further boost to demand of consumer durables such as automobiles. The IMF forecasts the GDP per capita income to reach USD 2,846.75 by 2024.<sup>173</sup> At this rate, it is expected that the GDP per capita will cross \$3,000 by 2025.



<sup>169</sup> <https://www.ceicdata.com/en/indicator/bangladesh/population>, as of June 2019

<sup>170</sup> Asian Development Bank, World Bank

<sup>171</sup> The surging consumer market no one saw coming, Boston Consulting Group

<sup>172</sup> Middle & Affluent Class=Monthly income over \$300, Bangladesh: The Surging Consumer Market Nobody Saw Coming, Boston Consulting Group

<sup>173</sup> <https://www.ceicdata.com/en/indicator/bangladesh/forecast-nominal-gdp-per-capita>

<sup>174</sup> <https://knoema.com/gfwhcg/the-world-s-top-car-owning-countries?>

Furthermore, recent government spending on infrastructure also bodes well for the automobile industry as building of roads and bridges will improve the road communication within the country leading to further growth in demand of commercial vehicles. Many ongoing infrastructure projects are expected to lead to increase in economic activity and consequently increased demand for commercial vehicles.

## Investment Potential

**SKD/ CKD Assembly for domestic market:** Automobile assembly in Bangladesh is currently at a nascent stage, assembling around 1,000 units on average for passenger vehicles and 10,000 units for commercial vehicles during the last five years. Approximately 15% of annually marketed commercial vehicles are assembled (mostly in CKD form) in the country, and less than 5% for passenger vehicles (mostly in SKD form without body-welding and painting processes). As of the end of 2019, several local companies in association with global and regional brands have established assembly factories both for passenger (mostly during the last few years) and commercial vehicles (relatively for the long period) while some are planning or about to commence assembly. This pace is expected to accelerate soon with the development of a National automobile policy 2020. The assembly industry will receive a boost as the policy aims to promote local assembly and manufacturing of automotive products in the country by creating a business friendly environment for the OEMs through reduced corporate tax and reduced import duties at various levels of knockdown. This will provide assemblers opportunity to produce four wheelers at lower cost and capture the burgeoning domestic market. Any globally renowned brands are welcome to commence vehicle assembly in either SKD or CKD form, by availing tax and duty benefits awarded for each type of assembly operation. Bangladeshi market has been characterized by the increased popularity for SUV and pick-up vehicles, in addition to conventional sedan.

### National Automobile Industry Policy 2020

Bangladeshi government has developed the National Automobile Industry Policy, which aims to ensure a sound environment for automobile manufacturers to achieve a modern and competitive manufacturing base with local supply chain of parts/ components industries. The following are some of the strategies that will be pursued as part of the policy.

- Promotion of local assembly which envisions the early shift from CBU import to SKD/ CKD assembly, through providing adequate incentives and import policies,
- Development of sound domestic market for brand-new vehicles.
- Development of local parts/ components production with local contribution guidelines,
- Promotion of R&D and development of design and testing functions,
- Improvement of investment/ business climate.



**Manufacturing Oriented for Local Parts Sourcing:** Although the government recognizes that the assemblers tend to start with simple assembly, i.e., SKD otherwise CKD, Bangladesh welcomes such manufacturers as oriented for local parts fabrication or sourcing. As this involves skills transfer/ capacity development to local human resources or potential suppliers, that are most expected spill-over effects of investment. In view of comprehensive development of automobile industry, it is essential to develop supporting industries for automobile parts supply. Newly announced automobile industry policy aims to develop the basis of local parts production through the attraction of overseas parts suppliers (first- and second-tier suppliers in particular), referring to the experiences of the neighboring Asian countries where foreign suppliers have played a critical role in building local supporting industries and nurturing local potential suppliers.



**Material Supply and Services Essential for Parts Production:** Foreign investment can also play a vital role in establishing the basis of material (for metal-working and plastic processing) and service provision essential for parts production by the upper-tier suppliers. Experienced providers for material forming and treatment services (stamping/ pressing, casting/ forging, machining, surface/ heat treatment, molds/ dies fabrication, jig/ fixture, plastic injection, testing, etc.) are in need for helping automobile industries to locally source more value-added parts.

### Supportive Government Regulations & Incentives :

- Reduced corporate income tax for 5 to 10 years for manufacturing of automobile as well as manufacturing of automobile parts and components (Income Tax Ordinance 1984, 46BB)
- Exemption of import duties on capital machineries
- Full repatriation of profits & initial investment amount
- Concessionary banking facility
- Statutory Regulatory Order (SRO 176/2019/33) which allows an exemption of value-added tax (VAT) and supplementary duty (SD) imposed on imported parts/ components and materials for CKD assembly of passenger vehicles below 1,600cc.

### Relevant Association

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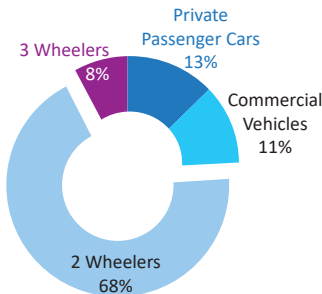
- Bangladesh Automobile Assemblers & Manufacturers Association (BAAMA)
- Bangladesh Motorcycle Assemblers & Manufacturers Association (BMAMA)
- Motorcycle Manufacturer and Exporters Association Bangladesh (MMEAB)



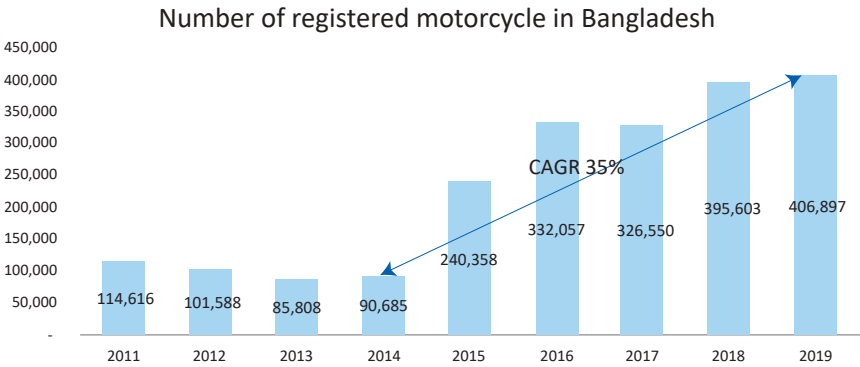
# Motorcycle & parts

Motorcycle industry has emerged as one of the fastest growing industries in Bangladesh, witnessing impressive growth for the last several years. Accounting for 68% of total automobile market in terms of units, motorcycle offers an alternative and cheaper mode of transportation to the large population of Bangladesh with increasing purchasing power. As a result, the market of motorcycles in Bangladesh has been expanding rapidly. Today more than 1,000 units of motorcycle are sold daily. Annual local registration of motorcycle stood over 400,000 units in 2019, growing at the rate of 35% per annum since 2014.

Registered Vehicles in Bangladesh



Source: BRTA



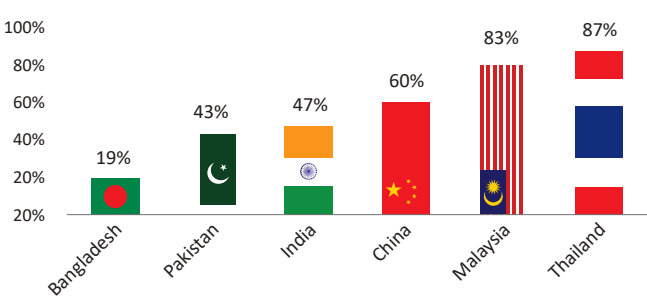
Source: BRTA

### Growth Potential

**Growing Domestic market:** Motorcycle market is forecasted to grow continuously, owing to a sizeable population (motorcycle ownership ratio is still low in comparison with other Asian countries), their ever-increasing purchasing power backed by steadily growing economy, and increasing popularity of ride-sharing services. The National Motorcycle Development policy has set a target of 1 million motorcycle production by 2027, however industry insiders expect to reach the target before that.<sup>175</sup>

Bike ownership ratio in population

In addition, motorcycle is a time and cost efficient mode of transportation in traffic-congested city like Dhaka. Furthermore, around 75% of population is less than 40 years old, who would prefer to have convenient mobility solution for their day to day needs. Annually held BIKE SHOW attracts a number of youth from all over the country.



**Export Potential:** Motorcycle is emerging as a new item of country's export basket. The industry has huge export prospects to many countries of SAARC, ASEAN, Middle East and Africa. During FY 2018-19, motorcycles worth over USD 894,000 were exported to Nepal, Bhutan and Japan. In order to promote exports further, the government is providing a cash incentive of 10% against export.

<sup>175</sup> <https://www.thedailystar.net/supplements/bikes-ridesharing/news/the-motorcycle-boom-bangladesh-1776466>



## Assembling Industry

Motorcycle assembling industry is flourishing in recent years, supported by untapped but growing domestic market, and the government policy. This industry is expected to play a leading role in development of Bangladeshi supporting industries through the creation of local supply-chain and technology transfer. Currently, around 96% of the motorcycles imported are assembled in the country. Several brands both international and local are currently active in motorcycle assembling in Bangladesh, while a few are undertaking operations of import-sales or Complete Built Unit (CBU). At present, brands such as Bajaj, Honda, Suzuki, TVS, Mahindra, Hero, Runner, Roadmaster, Grameen are being assembled or manufactured in the country. Motorcycles up to 165cc displacement is currently saleable in domestic market, though the 150cc displacement class is most selling.



The existing motorcycle assemblers can be categorized into two groups; “Knock Down (KD) Operator”, and “Manufacturer” which commences local parts production as stipulated by the government regulation. There are nine KD operators and four manufacturers in Bangladesh (January 2018). Definition of “Manufacturer” is specific to Bangladesh, and is to serve as an inducing regime for motorcycle assemblers to gradually enhance localization of parts production.

Definition of Manufacturer for motorcycles was introduced by the government through a series of Statutory Regulatory Order in 2016, 2017, 2019 respectively. Motorcycle manufacturers, categorized into two groups in Bangladesh, are entitled to duty reduction or exemption on their imported parts and materials, if satisfying the required conditions set in SROs. Duty benefits can be also availed by the parts suppliers to those manufacturers on their imported materials

*To qualify for the manufacturer status, motorcycle producers shall locally manufacture at least one of the designated key parts (swing-arm, wheel, fuel-tank, handle-bar and muffler) as well as manufacture or assemble chassis.*

## Parts Supply Industry

Local industries belonging to light-engineering and plastic sectors could be potential sources of motorcycle parts supply, however, these industries in general face challenges in terms of production/ quality/ delivery management, cost competitiveness, accessibility to quality

*Backward linkage development of Bangladeshi motorcycle industry is a key interest expressed in the National Motorcycle Industry Development Policy 2018.*



materials, molds/ dies and services (such as painting, finishing, testing, inspection), to become reliable suppliers to the manufacturers. Motorcycle assemblers in Bangladesh rely largely on import for sourcing the parts for assembling, but they generally show their willingness to source as many parts as possible from local suppliers in view of minimizing cost and delivery time.

### Investment Opportunity

**Motorcycle manufacturing oriented for local parts sourcing:** Needless to say, motorcycle manufacturers oriented for local parts sourcing is a prime-mover of Bangladeshi industry development. Bangladesh welcomes such manufactures as contributive to local supporting industry development through industrial linkage formation, that is a key spill-over effects of investment. In view of comprehensive development of Bangladeshi motorcycle industry, it is essential to enhance the capability of supporting industry such as light-engineering and plastic industries. The National Motorcycle Industry Development Policy 2018 sets its vision to develop the basis of local parts production and supply, either through attraction of foreign parts suppliers or capacity development of the existing local supporting industries. Internationally recognized brands such as Honda, Bajaj, TVS (registered as Manufacturer) are seeking for possibility of local parts sourcing. Referring to the neighboring Asian countries, foreign parts suppliers play a critical role in leading local supporting industry development. This can be achieved through establishment of parts production base, partnership with the existing local industries covering technical guidance.

**Plastic parts:** Motorcycle assemblers in Bangladesh in general intend to commence local parts sourcing with plastic parts since this is deemed as more accessible by the existing local industries as long as adequate machines, materials and molds are available. According to a survey (JICA 2018), potential needs for local sourcing exist for parts including head-/ back-light, cowl, side-/ tail-cover, chain/ battery case, indicator, mad-guard, etc.

**Materials & services for parts production:** Foreign investment can play a vital role in strengthening the basis of material (for metal-working and plastic processing) and service provision necessary for parts production. Quality service providers of dies/ molds, heat treatment, painting, and material/ product testing are in need for helping motorcycle assemblers to locally source more value-added parts.

#### Regulations & incentives related to Motorcycle and Parts Industries:

- Statutory Regulatory Order (SRO 155/2016/17) which defines the progressive manufacturers and allows duty reduction on their imported parts/ materials
- SRO (155/2017/41) which defines the local (category-1) manufacturers and allow duty reduction or exemption on their imported parts/ materials (also to the parts suppliers)
- SRO (207/2018/810) which allows VAT exemption to local manufacturers and parts suppliers on their imported parts/materials
- SRO (69/2019/05) which redefines the progressive (termed as category-2) manufacturers and duty exemption on their imported parts
- Cash incentive of 10% is provided for export of motorcycle.
- Reduced corporate income tax of 5% for local manufactures of motorcycles till June 2021 and 10% from July 2021-June 2032.

### Relevant Association & Supporting Institutions

- Bangladesh Industrial Technical Assistance Center (BITAC)
- Pilot Plant Process Development Center (PP&PDC)
- Training Institute of Engineering Industry Owners Association





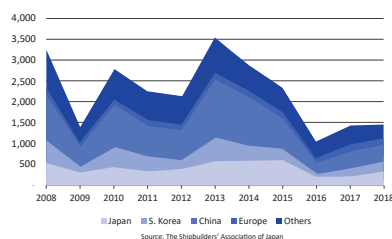
# Shipbuilding

## Industry Overview

Bangladeshi shipbuilding is an upcoming player in global market. Benefiting from relatively cost competitive engineers and workers, it is competitive in the small vessel segment. Although experiences of export building exists for the vessel types of MPV and passenger ferry, it still remains small in number. Accordingly, the industry largely works for the orders from domestic market.

**Shipyard and production:** Industry association reports around 100 ship builders and over 120 registered shipyards of varying size, located mostly on the river banks. With the current limitations of sites and low river draft across the country, it is possible to build vessels of size up to 15,000-20,000 dwt, being relatively smaller by the competing nations. Annual gross production reaches 250,000 GT at present, of which 185,000 GT are said for domestic orders.

Trend of Global New Shipbuilding Order and Order-receiving Countries (Number)



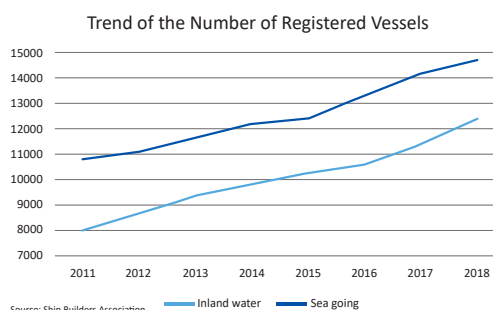
Although some shipyards have export capability, those equipped with modern building facilities (such as computer-based control machining) and building experiences along with international “class” standards remain a few (as represented by Western Marine, Ananda shipyards). Annual building capacity for export orders is estimated as more or less 20 vessels currently. Majority of local shipyard production is directed to domestic market. Vessels for inland water usage are largely built in local shipyards. On the other hand, domestic demand for ocean-going vessels have been met by overseas shipyards as well.

Vessel types built locally for domestic usage include MPV, container, bulkier, tanker, dredger, tug as well as passenger ferry, and ranges from 1,000 to 20,000 dwt in size. Smaller vessels for domestic usage, inland waters in particular, are usually built without application of “class” standards.

Bangladesh is well known for ship breaking and recycling industries, which are generally located close to shipbuilding yards, where arc furnace is usually installed to handle scrap materials. This enables local ship builders to procure steel materials with ease for body building for inland water vessels in particular.

**Domestic Market:** In Bangladesh, almost 90% of fuels, 70% of cargos and 35% of passengers are moved by waterways, bringing about a huge domestic demand for vessels. Domestic demand has been growing constantly over the past decade. Locally registered number of vessels has increased with average annual growth rate of 5.39% on average, owing to steady economic and trade developments, and activated infrastructure projects. Annual market value of local shipbuilding currently reaches about USD 1 billion, and the demand growth is forecasted to remain steadily.

Domestic market has two segments. One is for inland waters vessels, and another is for ocean-going vessels. These segments have almost same size, and the number of registered vessel for each segment currently amounts to 13,000. Bangladesh shipbuilding industry has to largely rely on domestic demand over the short and midterm, and leverage the building experiences of the higher quality domestic vessels to deepen capability of building export-quality vessels, and thus to realize more international orders.



**International Market:** The world shipbuilding industry currently benefits from the market of 60 million gross tonnage (GT) of annual building in 2017. The value of global orders is estimated to grow to about USD 650 billion in 2026 (Business wire). Three Asian shipbuilding giants, China, Japan, South Korea, have almost 90% of global market share, followed by EU. Other countries, are competing for the remaining 5% of new building orders. While three Asians and EU seeks for orders of larger vessels (more than 50,000 deadweight tonnage: dwt) in general, an opportunity exists for other countries to enter the smaller vessel segment.

## Potentials and Advantages

Potentials and advantages of Bangladeshi shipbuilding industry lies in growing domestic market, competitiveness for international small vessel segment, and availability of skilled engineers and workers. The World Bank Group estimates that Bangladeshi shipbuilding grows at 10-15% per annum on average for the next decade.

**Growing domestic market:** Ship builders can expect growing domestic demand of various types of vessels for usage in inland and coastal water, and ocean-going vessels for regional cargo shipping, owing to steady economic/ population growth, trade expansion, and ongoing/ scheduled infrastructure projects (that would increase demand for inland water shipment). Vessel types of fuel tankers, bulkers, cargo feeders, dredgers, tugs as well as passenger ferries would be increasingly demanded. The World Bank estimates that almost 300 to 400 vessels be additionally demanded over the next decade. As the Bangladeshi shipbuilding industry is not able to deliver classed vessels in sufficient quantity, some of demands shall be met by Chinese industry.

**Competitiveness for international small vessel segment:** Bangladesh has potential to compete for small vessel segment up to 12,000 dwt (MPVs, cargo feeders and passenger ferries for regional services) in international market, since labor cost matters more as vessel size is smaller. Bangladeshi shipbuilding can enjoy labor cost competitiveness of 20 to 30% relative to other countries, according to a local trade body. A few local shipyards have already track record of building export quality vessels along with the class standards, however,

capability to build classed vessels needs to be diffused widely together with expansion of the suitable shipyard facilities.

**Availability of skilled engineers and workers:**

Bangladesh has competitively-priced skilled engineers and semi-skilled workers. Tailor-made training opportunity for shipbuilding is also available under the cooperation between the government and industry association, which generates 6,000 workers every year and matches over 70% of them with job opportunities in the industry.

**Availability of shipbuilding cluster:**

Bangladeshi shipyards are agglomerated along with the banks of major rivers in Narayanganj and Chittagong in particular, mostly combined with ship breaking and recycling yards. These areas have relative convenient access to the utilities (power and gas) and supporting industries such as suppliers of steel materials, components and fixtures.



### Investment Opportunity

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**Shipyard development involving technical assistance for “classed” shipbuilding:** Bangladesh is an alternative and prospective place for building small size vessels clustered below 25,000 dwt, or 12,000 dwt realistically (given the current limitation of shipyards and low river draft across the country), which can foresee the growing demand either from domestic or international markets. FDI or joint-venture is most expected to enhance both capacity and capability of local industry to build class ships along with international standards, through:

- Development of new shipyards, or expansion/ renovation of the existing ones
- Upgrade of shipyards with modern facilities such as computer-based machining, bending, welding, shot blasting as well as heavy lifting required for steelworks and component assembling for relatively larger vessels.
- Technical assistance of more sophisticated shipbuilding along with international class standards and improved productivity.

**Ship maintenance and repair services:** Another area of investment opportunity lies in maintenance and repair services, which are more labor-intensive than building new ships. Since many vessels ply Bangladeshi waters, there would be general chances to benefit from this shipping traffic. This would require further development of dry docks (or renovation of the existing breaking/ recycling docks) to accommodate such vessels as required for overhaul with sufficiently deep river draft.

**Supply of parts, components and fittings:** There are another potential area for investment, backward linkage development. FDI or joint-venture by overseas suppliers could contribute largely to reduce dependence on imported materials and components, and enhance locally added value for vessels both for domestic and export markets. Suppliers of steel pipes, engines, generators, compressors, transformers, metal works (flanges, valves, propellers, anchors, etc.) could be promoted locally.

### Regulations related to shipbuilding

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- Inland Shipping Ordinance 1976 sets definitions of vessels that ply in domestic inland water. National standards for such vessels are stipulated as Bangladesh’s Domestic Vessel Code.
- Merchant Shipping Ordinance 1983 sets definitions of all Bangladeshi vessels except those plying in inland water, i.e. ocean-going vessels. Such vessels need to be certified with the “class” standards by internationally recognized accreditation bodies.

### Sector-specific investment incentives

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- Reduced tax rate on export income: 5% for publicly traded company and 10% for non-publicly traded company.
- Tax exemptions on capital gains from transfer of shares by the investing company
- 5% import duties on raw materials used for selling ships in local market
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements
- 10% export subsidy on export of ships

### Industry Association

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- Ship Builders Association (BSA)
- Association for Export Oriented Ship Building Industry (AEOSIB)



# Construction Materials

Bangladesh is experiencing rapid urban development. Dhaka, the capital city, has emerged as one of the world's fastest growing mega-cities, and other cities have also experienced similar rapid growth in the recent years. Dhaka currently needs to accommodate almost 600,000 people annually, equivalent to 120,000 household units every year, although the current supply of housing units in the city amounts to 25,000 annually. At the same time, a number of mega-infrastructure projects<sup>176</sup> are being implemented continually, because infrastructure development is among the most important preconditions for sustainable economic growth in Bangladesh. The World Bank estimates that Bangladesh must spend \$7.4 billion to \$10 billion a year until 2020 to bring its power grids, roads and water supplies to serve its growing population. Transportation sector alone would require \$36 ~ 45 billion of investment.

<sup>176</sup> Read list of fast-track projects in 'Focus Infrastructure' in Chapter-1

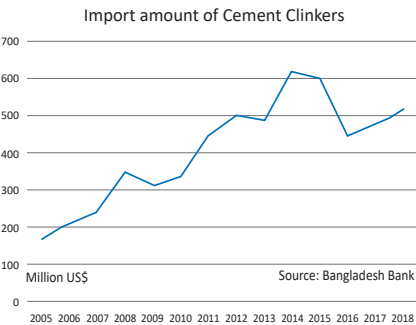
Infrastructure development (including large-scale megaprojects) and urbanization drive growth of both construction and real-estate sectors in Bangladesh, which has been maintaining high and steady annual growth rate (8% and 4% respectively) of sectoral gross domestic product during the last five years (Bangladesh Bureau of Statistics). Growth of these sectors thus generate a huge volume of demand for construction materials such as steel and cement products with the better quality.



**Supply-Demand Balance:**

Demand for construction materials in Bangladesh, steel and cement products in particular, has been rapidly expanding. Domestic markets for steel and cement rely local products as well as import. However, domestic industries of these products are yet satisfying demand sufficiently for diversified and high quality products.

Import of steel products and their raw materials has been increasing at the rate of 17% per annum on average in recent years. Bangladesh imports them, mainly from China, Japan, India, the United States, South Korea and Russia. Cements and clinkers (that are main raw material



for cement) has been also relying on import largely, although the domestic cement production has grown steadily. Clinker import in particular has recorded an annual increase of more than 10%. Vietnam, Indonesia and Malaysia are major sources of clinker import to Bangladesh.

Consumers of these products in Bangladesh can be largely grouped into two segments, private and public ones. Previously home-builders and real-estate developers accounted for the larger share, but the government’s public works including megaprojects have propelled public sector to increase the share in recent years. As far as cement is concerned, individual home-builders and real estate developers currently consume about 25% and 30% of the total demand, while the public sector consumes almost 45% (Bangladesh Cement Market Report 2017).

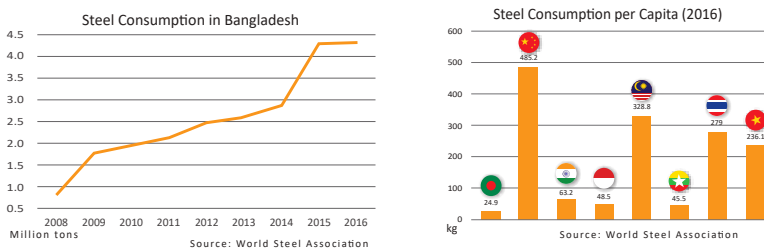
**Steel Industry**

Bangladesh is one of Asia's emerging steel markets and holds a growing demand for quality materials and steel-fabrication technologies. Capacity of domestic steel production is growing, and increment of demand has been propelled by government infrastructure projects which account for 40% of consumption.



The industry consists of a number of steel re-rolling mills fabricating “long products”, rebar and small shape in particular, and limited types of “flat products” such as corrugated iron roof using imported hot-coils. Most millers are small scale, but the industry can be represented by the three largest players with their market share of 50%. Steel industry has been in a structural shift where large scale re-rollers is integrating the process of electric arc furnace (production of semi-finished product, billet for long products) owing to import tariff cut on scraps.

The industry still needs to import hot-coils (semi-finished product) for fabricating flat products, since the process of hot-rolling is not established in Bangladesh. Further, particular long-products such as large shape, sheet pile for construction largely rely on import.



Steel consumption has risen steadily over the years and is estimated more than four million tons today, that is five times of the level in 2008. However, the present level of per capita consumption, if compared to the peer countries, implies the further robust growth of demand in the future.

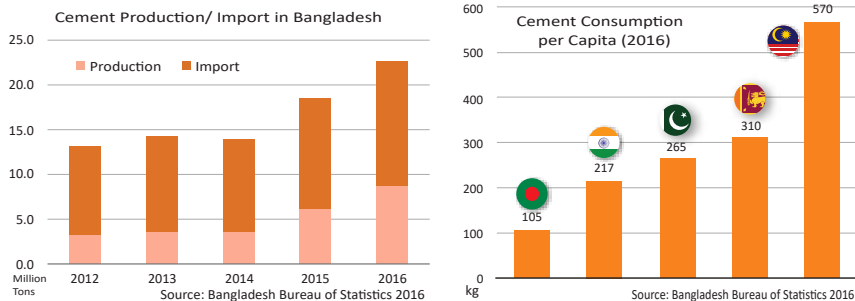
## Cement Industry

Demand for cement has grown at 12% per annum over the last five years, and this growth is forecasted to persist with increased urbanization and progress of megaprojects. Size of market is estimated around 22.5 million tons in 2016. In the same year, cement industry in Bangladesh imports 14.0 million tons and has not been able to catch up with the growing demand, while facing excess in installed capacity.

Overall public infrastructure projects account for 35% of the country's total cement consumption, while the remaining is consumed by private sector including real estate developers (Bangladesh Cement Market Report 2017). Per capita cement consumption, compared to Asian peer countries, still remains low. This also implies tremendous potential for growth in the cement industry in the long-term.

Today over 100 cement factories including small-scale ones exists, and around 30 to 35 are in operation (Bangladesh Cement Market Report 2017). The industry has experienced a consolidation over the years. Currently top 10 companies own almost 80% market share but in general face excess in installed capacity partly due to obsolete machinery.





Bangladeshi cement industry is heavily dependent on import of its main material, “clinker”, and the government maintains low import duty on clinker to decrease import of cement product. In Bangladesh, Portland composite cement, requiring less clinker compared to Ordinary Portland cement, is dominant, whereas cements characterized by water-tightness and long-term strength (thus more suitable for long-lasting and large civil structures) are yet to penetrate the market.

### Investment Opportunity

Substantial growth of demand for construction materials (steel and cement) is promised owing to enhanced urbanization of Bangladeshi cities and progress of the Megaprojects, implying great opportunity of investment into the industries, the following areas in particular.

**Production of specific materials:** Construction of high-rise/ commercial buildings and large-scale infrastructure projects would inevitably demand some specific materials, for which foreign investors are expected to contribute to localized production through establishment of production facility, and partnership with local industries via joint-venture, merger & acquisition, etc.

- **Steel:** Long products such as large shapes including H-beam, angle, channel, and sheet piles.
- **Cement:** Hot-coils through hot-roller milling for fabricating various flat products. Products with long-term strength and water-tightness (more suitable for long-lasting and large civil structures) such as blast furnace slab cements, and tailored-products with automated control of raw material mixture for catering to special requirements.

**Energy-efficient production:** Although both steel and cement industries are energy (electricity)-consuming, plant facilities in use at local industries are generally not energy efficient, thus indicating high needs for improving energy efficiency. Foreign manufactures are expected to contribute to making local production more energy-efficient by introducing modern plant facilities and energy-saving technology (for instance, clinker-grinding in case of cement product), through partnership with local industries via joint-venture, merger & acquisition, etc.

### Industry Associations

- Bangladesh Steel Manufactures Association (BSMA)
- Bangladesh Auto Re-rolling and Steel Mills Association (BARSMA)
- Bangladesh Cement Manufacturers Association (BCMA)





# Ceramics

The ceramics industry is a flourishing manufacturing sector in Bangladesh, with many untapped potential for global export. The sector enjoys duty free and quota free access to markets in the EU, Canada, Australia, Norway etc. Besides the availability of low-cost manpower, Bangladesh offers 10% cash incentive facilities on export. Around 54 ceramic industries are engaged in production and more than 29 industries are in the production pipeline. Ceramics has many sub sectors, which are tableware, tiles, sanitary ware, insulator, bricks, rooftop tiles, pottery, heavy clay, refractory and advanced ceramics. By 2025, the global ceramics market size will reach USD 407.72 billion, according to a new report.<sup>177</sup>

Bangladeshi ceramics products are exported to more than 50 countries including USA, Italy, Spain, France, New Zealand, the Netherlands, Australia and Sweden. In FY 2018-19, ceramics export earnings were at USD 68.97 million, which made it the seventh most exported item. The sector has been enjoying consistent growth in exports - about 26% in the last 3 years.<sup>178</sup>

<sup>177</sup> <https://www.grandviewresearch.com/press-release/global-ceramics-market>

<sup>178</sup> <https://www.lightcastlebd.com/insights/2020/03/09/bangladesh-ceramic-industry-posing-promising-potential>

## Chapter 6: Sector Overviews

Production growth of the ceramic sector for the last 10 years was 200%, according to Bangladesh Ceramic Manufacturers & Exporters Association (BCMEA). At present the sector employs around 5,00,000 people, including 55,000 direct employees and those from the backward linkage industry.<sup>179</sup>

Category	Types of products
Tableware	Porcelain, Bone China, earthenware, stoneware, high alumina porcelain, ivory china.
Tiles:	Porcelain, Glaze Vitrified Tiles, Printed Glaze Vitrified Tiles, Ceramic Tiles, Homogeneous, Soluble Salt, Rustic Tiles, Mirror Polish, decor Tiles, glaze polished tiles, etc.
Sanitaryware	Vitrified, vitreous China.
Insulators	High Voltage insulator, Low Voltage insulator
Heavy clay	Earthenware, pottery, utensils, terracotta, roof tiles, art wares etc.
Refractories	High Alumina refractories products, silicon carbide, silicon nitride, magnesium silicate
Advance Ceramics	Bio Ceramics, Dental Ceramics, Semiconductor Chips, Magnetic ceramics, machine tools, photonic and optical applications etc.

Source: Bangladesh Ceramic Manufacturers & Exporters Association (BCMEA)

### Average production per year:

Tableware	Tiles	Sanitary ware
254.50 million pieces	195.30 million Sq. meter	8.35 million pieces

Source: Bangladesh Ceramic Manufacturers & Exporters Association (BCMEA)

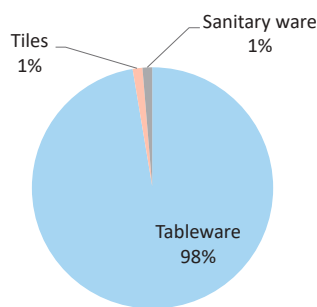
**Opportunities in Advanced Ceramics :** Bangladesh is trying to go beyond traditional usage of ceramics to tap into this promising segment. The value-added features of such products mean they can be used in energy conservation, water purification, electronic and biomedical applications.<sup>180</sup> The global market for these products is expected to reach USD 141.53 billion by 2025, at a compound annual growth rate of 9.91 percent between 2018 and 2025, according to a recent study.<sup>181</sup>

<sup>179</sup> <https://tbsnews.net/economy/industry/ceramics-rising-star-industries>

<sup>180</sup> <https://www.lightcastlebd.com/insights/2020/03/09/bangladesh-ceramic-industry-posing-promising-potential>

<sup>181</sup> <https://www.fiormarkets.com/report/advanced-ceramics-market-by-material-titanate-alumina-zirconium-385911.html>

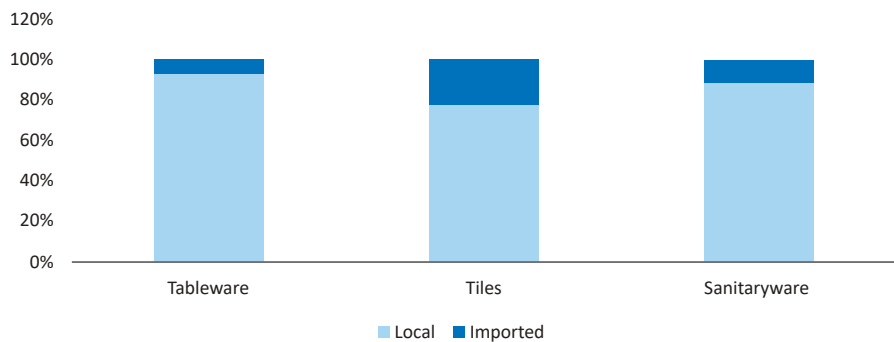
Performance ratio of sub sector-based export are given below:



Source: BCMEA

Market Share:

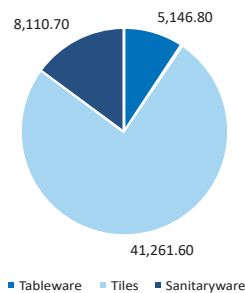
Domestic Market share of domestic/imported ceramic product



Source: BCMEA

Average domestic consumption per year

Domestic Market Consumption (Million BDT)



Source: BCMEA

### Trade Benefits:

Ceramic industries are enjoying duty free and quota free access to developed countries such as European Union, Switzerland, Belarus, Norway, Austria, Belgium, Bulgaria, Cyprus, Denmark, Germany, Greece, Finland, France, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Spain, Sweden, United Kingdom, Japan, Turkey, Canada, Russia, Australia, New Zealand. This access to the global markets is further helped by the fact that the policy regime of Bangladesh for foreign direct investment is the best in South Asia.

### Incentives:

- 10% cash incentive facilities on export.

### Trade Association

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- Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA)
- Bangladesh Ceramic Society (BCS)

## ► Annexures

## BEPZA incentives

1. 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 (1st, 2nd and 3rd year)	100%
Next 03 years (4th, 5th and 6th year)	50%
Next 01 year (7th year)	25%

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 (1st and 2nd year)	100%
Next 02 years (3rd and 4th year)	50%
Next 01 year (5th year)	25%

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

## Non-fiscal Incentives

1. 100% foreign ownership permissible
2. Enjoy MFN (most favoured 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.

## Facilities

1. No UD, IRC, ERC and renewal of Bond license
2. Work permits issued by BEPZA
3. Secured and protected bonded area
4. Off-Shore banking available
5. Import on Documentary Acceptance (DA) basic allowed
6. Back to Back L/C
7. Import and Export on CM basis allowed
8. Import from DTA (Domestic Tariff Area)
9. 10% sale to DTA (Domestic Tariff Area)
10. Customs clearance at factory site
11. Simplified sanction procedure
12. Sub-contracting with export oriented Industries inside and outside EPZ allowed
13. Relocation of foreign industries allowed
14. Accords Resident-ship and Citizenship
15. One Window same day service and simplified procedure.

## Sea ports

Port name	Location	Type	Authority
Chittagong Port	Chittagong	Large Sea Port*	Chittagong Port Authority
Mongla Port	Mongla, Khulna	Large Sea Port	Mongla Port Authority
Payra Port	Patuakhali, Barisal Division	Small Sea Port	Payra Port Authority

## International Airports

Location	Name	ICAO	IATA	Role
Dhaka	Hazrat Shahjalal International Airport	VGHS	DAC	Commercial
Chittagong	Shah Amanat International Airport	VGEG	CGP	Commercial
Sylhet	Osmani International Airport	VGSY	ZYL	Commercial

## Domestic Airports

Location	Name	ICAO	IATA	Role
Barisal	Barisal Airport	VGBR	BZL	Commercial
Cox's Bazar	Cox's Bazar Airport	VGCB	CXB	Commercial
Jessore	Jessore Airport	VGJR	JSR	Commercial
Rajshahi	Shah Makhdum Airport	VGRJ	RJH	Commercial
Saidpur	Saidpur Airport	VGSD	SPD	Commercial

## Cargo Airlines

British Airways World Cargo	Martinair Cargo
Cathay Pacific Cargo	MASKargo
China Airlines Cargo	Midex Airlines
Emirates Sky Cargo	Qatar Airways Cargo
Etihad Crystal Cargo	Saudia Cargo
FitsAir	Silk Way Airlines
Hong Kong Airlines Cargo	Singapore Airlines Cargo
Korean Air Cargo	TransGlobal Airways
Lufthansa Cargo	Turkish Airlines Cargo

## Land ports

Location	Port name	Foreign side	Storage capacity	Handling capacity (yearly)	Operator
Benapole, Sharsha, Jashore	Benapole Land Port	Petrapole, Bongaon, 24-Parganas, West Bengal, India	40,000 MT	2614726.00 MT	Bangladesh Land Port Authority
Burimari, Patgram, Lalmonirhat	Burimari Land Port	Changrabandh, Mekhaliganj, West Bengal, India	2,000 MT	6978,979 MT	Bangladesh Land Port Authority
Akhaura, Brahmnbaria	Akhaura Land Port	Ramnagar, Agartala, Tripura, India	200 MT	500,000 MT	Bangladesh Land Port Authority
Sadar Upazila, Satkhira	Bhomra Land Port	Gojadanga, 24-Parganas, West Bengal, India	1600 MT	2,628,795 MT	Bangladesh Land Port Authority
Nalitabari, Sherpur	Nakugaon Land Port	Dalu, Barangapara, Meghalaya, India	400 MT	7065 MT	Bangladesh Land Port Authority
Goainghat, Sylhet	Tamabil Land Port	Dauki, Shillong, Meghalaya, India	400 MT	78,1093 MT	Bangladesh Land Port Authority
Bhurungamari, Kurigram	Sonahat Land Port	Sonahat, Dhubri, Assam, India	600 MT	--	Bangladesh Land Port Authority
Shibganj, Chapainawabganj	Sonamasjid Land Port	Mahadipur, Maldah, West Bengal, India	1,000 MT	2,000,000 MT	Panama Sonamosjid Port Link Ltd.
Hili, Hakimpur, Dinajpur	Hili Land Port	Hili, South Dinajpur, West Bengal, India	2,000 MT	1,000,000 MT	Panama Hili Port Link Ltd.
Tetulia, Panchagarh	Banglabandha Land Port	Fulbari, Jalpaiguri, West Bengal, India	500 MT	0.5 mIn MT	Banglabandha Land Port Ltd.
Teknaf, Cox's Bazar	Teknaf Land Port	Mungdu, Myanmar	1,000 MT	300,000 MT	United Land Port Teknaf Ltd.
Sadar Upazila, Cumilla	Bibirbazar Land Port	Srimantapur, Sunamura, Agartala, Tripura, India	500 MT	0.5 mIn MT	Sheffrd Cumilla Land Port Ltd.

\* Land ports play a vital role in bridging communities and transporting goods. In Bangladesh, these provide transshipment and transit facilities. The above list shows ports in operation.



## BEZA economic zone sites

### Government-owned economic zone sites

Name	District	Upazila
1. Anowara Ezonomic Zone	Chattogram	Anowara
2. Anowara Ezonomic Zone -2	Chattogram	Anowara
3. Bangabandhu Sheikh Mujib Shilpa Nagar (Mirsarai, Feni & Sitakundo)	Chattogram	Mirsarai
4. Shreehatta Economic Zone	Moulvibazar	Moulvibazar Sadar
5. Mongla Economic Zone	Bagerhat	Mongla
6. Shreepur Economic Zone	Gazipur	Shreepur
7. Sabrang Tourism Park	Cox's Bazar	Teknaf
8. Dhaka SEZ, Keraniganj	Dhaka	Keraniganj
9. Jamalpur Economic Zone	Jamalpur	Jamalpur Sadar
10. Narayanganj Economic Zone	Narayanganj	Bandar and Sonargaon
11. Bhola Economic Zone	Bhola	Bhola Sadar
12. Ashuganj Economic Zone	Brahmanbaria	Ashuganj
13. Panchagarh Economic Zone	Panchagarh	Debiganj
14. Norshingdi Economic Zone	Norshingdi	Norshingdi Sadar
15. Nilphamari Economic Zone	Nilphamari	Nilphamari Sadar
16. Kushtia Economic Zone	Kushtia	Bheramara
17. Agoiljhara Economic Zone	Barishal	Agoiljhara
18. Manikganj Economic Zone (Unused land beside old Aricha ferighat BIWTA)	Manikganj	Shibaloy
19. Dhaka Economic Zone, Dohar	Dhaka	Dohar
20. Habiganj Economic Zone	Habiganj	Chunarughat
21. Shariatpur Economic Zone, Jajira	Shariatpur	Jajira
22. Shariatpur Economic Zone, Gosairhat	Shariatpur	Gosairhat
23. Naf Tourism Park	Cox's Bazar	Teknaf
24. Cox's Bazar Special Economic Zone, Moheshkhali	Cox's Bazar	Moheshkhali
25. Moheshkhali Economic Zone – 1, Cox's Bazar	Cox's Bazar	Moheshkhali
26. Moheshkhali Economic Zone – 2, Kalarmarchara, Cox's Bazar	Cox's Bazar	Moheshkhali
27. Moheshkhali Economic Zone – 3, Dhalghata, Cox's Bazar	Cox's Bazar	Moheshkhali
28. Narayanganj Economic Zone, Sonargaon	Narayanganj	Sonargaon
29. Natore Economic Zone	Natore	Lalpur
30. Gopalganj Economic Zone	Gopalganj	Kotalipara

Name	District	Upazila
31. Araihaazar Economic Zone	Narayanganj	Araihaazar
32. Moheshkhali Special Economic Zone Cox's Bazar	Cox's Bazar	Moheshkhali
33. Rajshahi Economic Zone	Rajshahi	Poba
34. Sherpur Economic Zone	Sherpur	Sherpur Sadar
35. Feni Economic Zone	Feni	Sonagazi
36. Mongla Special Economic Zone (Indian SEZ)	Bagerhat	Mongla
37. Gopalganj Economic Zone – 2	Gopalganj	Gopalganj Sadar
38. Patia Economic Zone	Chattogram	Patia
39. Moheshkhali Special Economic Zone, Ghativanga-Sonadia	Cox's Bazar	Moheshkhali
40. Sundarban Tourism Park	Bagerhat	Sharankhola
41. Bogura Economic Zone – 1	Bogura	Shahajahanpur
42. Khulna Economic Zone – 1	Khulna	Batiaghata
43. Khulna Economic Zone – 2	Khulna	Terokhada
44. Sylhet Special Economic Zone	Sylhet	Goainghat
45. Kurigram Economic Zone – 1	Kurigram	Kurigram Sadar
46. Netrakona Economic Zone – 1	Netrakona	Netrakona Sadar
47. Moheshkhali Economic Zone, Kalarmarchara	Cox's Bazar	Kalarmarchara
48. Mymensingh Economic Zone, Ishwarganj	Mymensingh	Ishwarganj
49. Mymensingh Economic Zone	Mymensingh	Mymensingh Sadar
50. Alutla Special Tourism Zone	Khagrachari Hill Tracts	Matiranga & Khagrachari
51. Araihaazar Economic Zone – 2	Narayanganj	Araihaazar
52. Jamalpur Economic Zone – 2	Jamalpur	Jamalpur Sadar
53. Rampal Economic Zone	Bagerhat	Rampal
54. Gajaria Economic Zone	Munshiganj	Gajaria
55. Madaripur Economic Zone	Madaripur	Rajoir
56. Faridpur Economic Zone	Faridpur	Faridpur Sadar
57. Sitakindo Economic Zone	Chattogram	Sitakundo
58. Chandpur Economic Zone – 1	Chandpur	Matlab Uttar
59. Chandpur Economic Zone – 2	Chandpur	Haimchar

## Private Economic Zone Sites

Name	District	Upazila
60. A.K.Khan and Comapny Ltd. Economic Zone,	Narshingdi	Palash
61. Abdul Monem Economic Zone	Munshiganj	Gajaria
62. 'Garments Industries Park' proposed by BGMEA	Munshiganj	Gajaria
63. Meghna Industrial Economic Zone	Narayanganj	Sonargaon
64. Meghna Economic Zone	Narayanganj	Sonargaon
65. Famkam Economic Zone	Bagerhat	Rampal
66. Cumilla Economic Zone	Cumilla	Meghna
67. Aman Economic Zone	Narayanganj	Sonargaon
68. Bay Economic Zone	Gazipur	Konabari
69. Sirajganj Economic Zone	Sirajganj	Sirajganj Sadar, Belkuchi
70. Aliance Economic Zone	Cumilla	Daudkandi
71. Arisha Economic Zone	Dhaka	Savar, Keraniganj
72. United City IT Park Ltd.	Dhaka	Vatara & Badda
73. East-Coast Group Economic Zone	Habiganj	Bahubal
74. Sonargaon Economic Zone	Narayanganj	Sonargaon
75. Bashundhara Economic Zone	Dhaka	Keraniganj
76. East-West Special Economic Zone	Dhaka	Keraniganj
77. City Economic Zone	Narayanganj	Rupganj
78. City Special Economic Zone	Dhaka	Demra
79. Akiz Economic Zone	Mymensingh	Trishal
80. Karnaphuli Dry Dock Special Economic Zone	Chattogram	Anowara
81. Abul Khair Economic Zone	Munshiganj	Gajaria
82. Kishoreganj Economic Zone (Nitol Motors Ltd.)	Kishoreganj	Pakundia
83. Hamid Economic Zone	Mymensingh	Trishal
84. Chatak Economic Zone	Sunamganj	Chatak
85. Standard Global Economic Zone	Munshiganj	Gajaria
86. Hoshendi Economic Zone	Munshiganj	Gajaria
87. Kazi Farms Economic Zone Ltd.	Chattogram	Chandnaish
88. Anowar Economic Zone	Munshiganj	Gajaria

Bonded warehouse types	Bonding period
Special Bonded Warehouse	24 Months; Commissioner reserves the power to extend the bonding period for a maximum of 6 months
Direct Exporter	24 Months; Commissioner reserves the power to extend the bonding period for a maximum of 6 months
Home Consumption Bond (e.g. British American Tobacco, Hayes and Haier, Meghna, Citi group, TK)	6 Months; Commissioner may extend the bonding period for 3 months and NBR may further extend the bonding period for 3 months
Deemed Exporter	24 Months; however, Commissioner reserves the power to extend the bonding period for a maximum of 6 months
Diplomatic and privileged persons Bonded warehouse	12 Months; Commissioner may extend the bonding period for 3 months and NBR may further extend the bonding period for 3 months
Ship Builders Bond	48 Months; bonding period is extendable.

Source: Bangladesh Customs

## Trade Associations in Bangladesh

### Chambers of Commerce

#### Dhaka Chamber of Commerce and Industry

DCCI Building  
65-66 Motijheel C/A  
Dhaka-1000, Bangladesh  
Phone : 880-2-9552562  
Fax : 880-2-9560830  
E-mail : [info@dhakachamber.com](mailto:info@dhakachamber.com)  
URL : [www.dcci.org.bd](http://www.dcci.org.bd)

#### The Federation of Bangladesh Chambers of Commerce & Industry (FBCCI)

60, Motijheel C/A., Dhaka, Bangladesh  
Tel : 880-2-9560482, 880-2-9560102-3  
Fax: 880-2-9567621  
E-mail: [fbcci@bol-online.com](mailto:fbcci@bol-online.com)  
URL : [www.fbcci-bd.org](http://www.fbcci-bd.org)

#### Chittagong Chamber of Commerce and Industry

WTC Building  
105, Agrabad C/A  
Chittagong, Bangladesh  
Phone: 88-31-713366  
Fax: 88-31-710183  
E-mail: [info@chittagongchamber.com](mailto:info@chittagongchamber.com)  
URL: <http://www.chittagongchamber.com/>

#### International Business Forum of Bangladesh

House # 10, Road # 19/A, Block # E  
Banani, Dhaka-1213  
Bangladesh  
Phone: 880-2-9840192-3  
Fax: 880-2-9840089  
E-mail: [info@ibfb.org](mailto:info@ibfb.org)  
URL: <http://www.ibfb.org/>

#### Metropolitan Chamber of Commerce & Industry

Chamber Building  
122-124, Motijheel C/A, Dhaka-1000, Bangladesh  
Phone : 880-2- 9565208-10  
Fax : 880-2-9565211, 9565212  
E-mail : [sg@citechco.net](mailto:sg@citechco.net), [info@mccibd.org](mailto:info@mccibd.org)  
URL : <http://www.mccibd.org/>

### Trade Associations

#### Association of Air Cargo Agents of Bangladesh (AACAB)

House 45 (3rd Floor), Road 17, Banani Dhaka  
Tel: 9881663, Fax: 9881664  
E-mail: [acabhq@intechworld.net](mailto:acabhq@intechworld.net)

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#### **Association of Travel Agents of Bangladesh (ATAB)**

Sattara Center  
(15th Floor), 30/A Naya Paltan  
VIP Road, Dhaka-1000, Bangladesh  
Phone : 880-2-9332728, 880-2-9332712  
Mobile : +880-1715-228953  
Fax : 88-02-8355595  
E-mail : [info@atab.org.bd](mailto:info@atab.org.bd), [atab@citech.net](mailto:atab@citech.net)  
URL : [www.atab.org.bd](http://www.atab.org.bd)

#### **Bangladesh Association of International Recruiting Agencies (BAIRA)**

BAIRA Bhaban  
130, New Eskaton Road, Dhaka-1000, Bangladesh  
Tel : 880-2-8359482, 880-2-9345587, 880-2-9331244  
Fax : 880-2-9344979  
E-mail : [baira1984@gmail.com](mailto:baira1984@gmail.com)  
URL : <http://www.baira.org.bd/>

#### **Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh**

Erectors House  
18, Kemal Ataturk avenue (9th Floor)  
Banani C/A  
Dhaka-1213, Bangladesh  
Phone: 880-2-9821418-19  
Fax: 880-2-9821420  
E-mail: [info@lfmeab.org](mailto:info@lfmeab.org)  
URL: <http://lfmeab.org/>

#### **Bangladesh Garment Manufacturers & Exporters Association (BGMEA)**

BGMEA Complex  
23/1 Pantha Path Link Road, Kawran Bazar,  
Dhaka-1215  
Tel : 880-2-8140310-20  
Fax : 880-2-8140322, 880-2-8140323  
E-mail: [info@bgmea.com](mailto:info@bgmea.com)  
URL : [www.bgmea.com.bd](http://www.bgmea.com.bd)

### **Foreign Trade Bodies in Bangladesh**

#### **American Chamber of Commerce In Bangladesh**

Room # 319, Ruphoshi Bangla Hotel, Dhaka,  
Bangladesh  
Tel : 880-2-8330001, 8358060,  
Fax : 880-2-8312975, 9349217,  
E-mail: [amcham@bangla.net](mailto:amcham@bangla.net)  
[amcham@amchambd.org](mailto:amcham@amchambd.org)  
URL : [www.amchambd.org](http://www.amchambd.org)

British Trade Center  
United Nation Road, Baridhara, Dhaka-1213,  
Bangladesh  
Tel : 880-2-8822705-9  
Fax : 880-2-8823437

#### **Foreign Investor's Chamber of Commerce and Industry Bangladesh (FICCI)**

"Shama Homes", Apt. # C-3  
House # 59, Road # 1, Block # I,  
Banani, Dhaka-1213  
Phone: 880-2-9893049, 880-2-9892913  
Fax: 880-2-9893058  
E-mail: [info@ficci.org.bd](mailto:info@ficci.org.bd), [ficci@bdcom.net](mailto:ficci@bdcom.net)  
URL: <http://www.ficci.org.bd>

#### **Japan External Trade Organization (JETRO)**

Sharif Plaza 3rd Floor  
39, Kamal Ataturk Avenue, Banani, Dhaka-1213,  
Bangladesh  
Tel: 880-2-8818222, 880-2-8818223  
Fax : 880-2-8818224  
E-mail : [bad@jetro.go.jp](mailto:bad@jetro.go.jp)  
<https://www.jetro.go.jp/bangladesh/>

#### **Korean Trade Centre, Dhaka**

Navana Tower (10th Floor)  
Gulshan-1  
Dhaka-1212, Bangladesh  
Phone: 880-2-8813153, 8824218, 8822357  
Fax: 880-2-8823068  
E-mail: [jmorning@kotra.or.kr](mailto:jmorning@kotra.or.kr)  
URL: <http://www.kotra.org.bd/index.jsp>

#### **Trade Center of China**

Plot # 2 & 4, Block-1, Road # 3  
Baridhara, Dhaka-1212, Bangladesh  
Tel : 8824862, 8825272  
Fax : 8823004

## Trade Associations

1	Association of Export Oriented Ship Building Industries of Bangladesh		03 Motijheel C/A, Dhaka-1000.	9567197, 9551171, 9551060
2	Bangladesh Agro-Processors' Association	BAPA	House # 15 (1st Floor West Side) Road # 16 (New) 27(Old) Dhanmondi R/A, Dhaka-1209	8144536, 01730-302198, 01711-647585
3	Bangladesh Association of Software & Information Services	BASIS	BDBL Bhaban (5th floor-West) 12 Kawran Bazar, Dhaka-1215.	8151196-7, 8144708-9
4	Bangladesh Aushad Shilpa Samity		House # 41 (Level-1) Road # 4, Block-F Banani, Dhaka-1213	8816767, 9889731, 8824163
5	Bangladesh Ayurvedic Medicine Manufacturers Association		BPL Bhaban (3rd Floor) 89- 89/1, Arambagh Motijheel C/A, Dhaka-1000	7445525, 01714-171769
6	Bangladesh Backward Linkage Manufacturers		House # 15, Road # 12, Block # F Niketan,	8836015-7(O), 8836075, 8113661
7	Bangladesh Backward Linkage Manufacturers and Exporters Association		House # 15, Road # 12, Block # F Niketan, Gulshan-1, Dhaka-1212	8836015-7(O), 8836075, 8113661 01713-005125
8	Bangladesh Bi-cycle & Parts Manufacturers' and Exporters Association		187-188/8 Tejgaon I.A, Dhaka.	8817611, 8817611-4
9	Bangladesh Button Manufacturer & Exporters Association		House # 180, Road # 02, New DOHS, Mohakhali, Dhaka-1212	01711-521276
10	Bangladesh C.R. Coil Manufacturers & Exporters Association		255, Nasirabad Industrial Area Chittagong.	031-681240-44, 01817-053811

11	Bangladesh Ceramic Wares Manufacturers Association		TMC Building (8th floor) 52, New Eskaton Road, Dhaka-1000.	9340991-3, 01913-535149
12	Bangladesh Cha Sangsad	Tea Association of Bangladesh	Progressive Tower (4th Floor) 1837, Sk. Mujib Road Badamtoli, Agrabad C/A, Chittagong-4100	716407, 502536(O), 8827389(R)
13	Bangladesh Cigarette Manufacturers' Association		KichukhanBhaban (3rd floor) 43/1, Ullan Road, Rampura, Dhaka-1219	9122895-7(Off)
14	Bangladesh Cosmetics & Toiletries Manufacturers Association		Square Centre, 48 Mohakhali C/A Dhaka-1212, Bangladesh	+880-2-8817729, +880-2-8827729
15	Bangladesh Dyed Yarn Exporters Association		Erectors House (9th floor) 18, Kamal Ataturk Avenue Banani C/A, Dhaka-1213	9821418-9
16	Bangladesh Electronics Manufacturers Association		94 Malibagh DIT Road, Dhaka-1217	9552078, 9557967
17	Bangladesh Engineering Shilpa Malik Samity		38, Tipu Sultan Road, Dhaka	7173403, 01713-047627
18	Bangladesh Finished Leather, Leather Goods & Footwear Exporters Association	BFLLEA	House No. 32/A, Road No. 2, Flat No. B-2 Dhanmondi R/A, Dhaka-1209	8622167-8
19	Bangladesh Fish Exporters & Importers Association		ElishBhaban, Fish Market, Court Road, Barisal	0431-63866, 01715-168006

20	Bangladesh Flower Growers and Exporters Association	BFGEA	625/1, BaitulAman Housing Society (4th floor), Road No. 4, Mohammadpur, Dhaka	8120434, 9141750, 9132452
21	Bangladesh Frozen Foods Exporters Association	BFFEA	Skylark Point (10th Floor) 24/A Bejoy Nagar, North South Road, Dhaka	8316882, 8354857, 8317531
22	Bangladesh Fruits, Vegetables & Allied Products Exporters' Association		Rahmania Int'l Complex (5th Floor) Room # 11, 28/1/C, Toynbee Circular Road Motijheel, Dhaka-1000.	9560506 (Ext: 101, 102, 103 & 105)
23	Bangladesh Furniture Exporters Association		B-220-224, Shopping Centre (3rd floor) Gulshan-1, Dhaka-1212	9895121, 01712-666942, 01711-522568
24	Bangladesh Garment Manufacturers & Exporters' Association	BGMEA	23/1, Panthapath Link Road, Karwan Bazar, Dhaka 1215	028140310-20, 028140310, 01711-520099
25	Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association		"Sonatari Tower" (9th Floor) Plot No.12, Biponon C/A Sonargaon Link Road, Dhaka	880-2-9666763, 8621200
26	Bangladesh Handicrafts Manufacturers & Exporters Association	BANGLAC RAFT	BTMC Bhaban 7-9 Kawran Bazar (4th Floor), Dhaka-1215	9119090, 01713-013608
27	Bangladesh Herbal Products Manufacturing Association		Atlantic Wazuddin Tower (3rd floor) 168, Elephant Road, Hatirpool, Dhaka-1205	9669543, 01711-529179



28	Bangladesh Homeopathic Medicine Manufacturers' Association		32, NayaPaltan (3rd Floor) DIT Extension Road, Dhaka 1000.	9358279, 01711-540901
29	Bangladesh Jamdani Manufacturers & Exporters Association		Feroza Tower (1st floor) 42/A/2, Hatkhola Road Tikatuli, Dhaka-1203	01718-259521
30	Bangladesh Jewelry Manufacturers, Exporters & Merchants Association		88, Anarkali Super Market (4th floor) Mowchak, Siddeshwari, Dhaka.	9357539, 8322314
31	Bangladesh Jute Association	BJA	77, Motijheel C/A, Dhaka.	9552916 Ext: 111
32	Bangladesh Jute Goods Exporters Association	BJGEA	9/G, Motijheel C/A, Dhaka 1000.	952910, 9553428, 7176935
33	Bangladesh Jute Mills Association	BJMA	Adamjee Court (4th Floor) 115-120 Motijheel C/A, Dhaka-1000	9566472, 9555798 (O)
34	Bangladesh Jute Mills Corporation	BJMC		
35	Bangladesh Jute Spinners Association	BJSA	55/A, PuranaPaltan (3rd Floor), Dhaka.	9551317
36	Bangladesh Knitwear Manufacturers & Exporters Association	BKMEA	Press Club Bhaban (1st& 3rd floor) 233/1, B.B. Road, Narayanganj-1400	7640535, 7641295, 7641857, 8620377
37	Bangladesh Live & Chilled Food Exporters Association		House-41 (3/B), Sonargaon Janapath, Sector-12, Uttara, Dhaka-1230.	+8801677114411
38	Bangladesh Marine Fisheries Association		13/A Centre Point Concord Suit No. 13/A (13th Floor), Farmgate, Dhaka	9120234, 031-637009

39	Bangladesh Mudran Shilpa Samity		City Heart (4th Floor) 67, NayaPaltan, Dhaka.	9351728, 8321023
40	Bangladesh Paper Mills Association		Plot # 335 (1st floor), Block-D Bashundhara R/A, Dhaka-1229	8401806, 01730-018370
41	Bangladesh Pet Bottle Manufacturers & Exporters Association	BPFMEA	City Heart, Suit # 5/8 (4th floor) 67, NayaPaltan, VIP Road, Dhaka-1000	9348198, 01711-530077
42	Bangladesh Plastic Goods Manufacturers & Exporters Association	BPGMEA	Paltan Tower, Suite No. 603 & 604 87, PuranaPaltan Lane (6th Floor), Dhaka	8350192, 01711-523423, 01819-458250
43	Bangladesh Potato Exporters Association	BPEA	67, PuranaPaltan Line Dhaka-1000	9338562, 8332698
44	Bangladesh Rubber Bagan Owner Association		Brothers Mension (1st floor) 8, Kalabagan, First Lane, Dhaka-1205.	01713-003766, 01819-389470
45	Bangladesh Specialized Textile Mills & Powerloom Industries Association		Suite # 204, Paltan Tower (2nd floor) 87, Purana Paltan Lane, Dhaka-1000	9360736, 8351973, 9553467, 9667029, 01911-393750, 01938-162500
46	Bangladesh Terry Towel & Linen Manufacturers & Exporters Association	B TTLMEA	Paltan Tower(5th fl.), Suit#507 87, PuranaPaltan Line, Dhaka-1000	9351815, 9351820, 8853141
47	Bangladesh Textile and Garments Waste Processors & Exporters Association		House # 15, Road # 7, Sector # 4 Uttara, Dhaka.	8920413, 01731-317155
48	Bangladesh Textile Mills Association	BTMA	8 Panthapath, Kawran Bazar Dhaka-1215	9143461, 9130969, 8112361 (Off)

49	Exporters Association of Bangladesh		406-B, Khilgaon, Chowdhury Para, Dhaka.	7217403, 7214912, 01711-525717, 01977-222222
50	Homeopathic Medicine & Medicinal Plant Importer & Exporter Association of Bangladesh		9/7, Secretariat Road, Fulbaria, Dhaka.	9571788, 01715-151649
51	Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh	LFMEAB	Erectors House (9th Floor) 18 Kemal Ataturk Avenue Banani C/A, Dhaka-1213	9880102-5
52	Packaging Industries Association of Bangladesh		68, Dilkusha C.A.(Ground Floor) GPO Box No.535, Dhaka-1000.	9557275, 9557271, 9552591-2, 01711522258
53	Silk Manufacturers' & Exporters Association of Bangladesh		Suite No. 2 (4th floor), Highway Homes Ka-32/6 Pragoti Saroni Shahjampur, Gulshan, Dhaka-1212	8827112
54	Tour Operators Association of Bangladesh		5/8, Monipuripara Sangshad Avenue, Dhaka-1215	9136554, 9862205

Source: Export Promotion Bureau

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