

Address of Welcome by Mr. Md. Sabur Khan, President, Dhaka Chamber of Commerce and Industry (DCCI) at the Round Table Discussion on "Opportunities and Challenges for Foreign Direct Investment", organized by DCCI.

Date: 24 August, 2013

Time: 11:00 a.m.

Venue: DCCI Auditorium (5<sup>th</sup> Floor)  
65-66 Motijheel C/A, Dhaka 1000

---

Bismillahir Rahmanir Rahim

Mr. Jahangir Saadat, President, Korean EPZ Corporation (BD) Ltd.;

Distinguished Speakers:

Mr. Md. Khairul Anam, Member (Admin & Finance), Board of Investment;

Mr. Andrew De Garis, President, Santos Bangladesh and

Mr. Vivek Sood, CEO, Grameenphone Ltd.;

Distinguished Former Presidents DCCI;

My Colleagues in the Board of Directors, DCCI;

Distinguished Guests and Participants;

Friends from the Media both Print and Electronic;

Ladies and Gentlemen.

Assalamu A'laikum and a very good morning,

On behalf of Dhaka Chamber of Commerce and Industry (DCCI) and on my own behalf I would like to welcome you all to the Round Table Discussion (RTD) on "Opportunities and Challenges for Foreign Direct Investment".

I have the honor and privilege to cordially welcome and thank to the distinguished speakers Mr. Jahangir Saadat, President, Korean EPZ Corporation (BD) Ltd., Mr. Md. Khairul Anam, Member, Board of Investment, Mr. Andrew De Garis, President, Santos Bangladesh and Mr. Vivek Sood, CEO, Grameenphone Ltd. I believe that your valuable deliberations will pave the way to meet the objectives of the Round Table Discussion.

I would also like to thank Mr. Rizwan-ur Rahman, Co-ordinating Director and Barrister Sameer Sattar, Convenor of FDI, Capital Market and Portfolio Investment Standing Committee of DCCI for their whole hearted support to make the event success.

The main objective of today's discussion, among others, are to discuss on the investment environment, opportunities, prospects and incentives prevailing in Bangladesh and formulate policy guideline to attract more FDI in Bangladesh. Today representatives from all possible sectors will participate to address opportunities and challenges of FDI in Bangladesh. I hope a fruitful discussion will be held today by highlighting sector specific challenging and opportunities.

Distinguished Gathering,

Foreign Direct Investment (FDI) has great impact on the economic development of a country like Bangladesh. It does not only bring sources of fund but also bring new technology, new avenues of knowledge, training of manpower and market networking. In Bangladesh FDI has important role to develop various sectors like textile and the garments, telecommunication, electronics, automobile, IT & ITES, energy, transport, healthcare and banking.

The overall benefits of FDI include the following:

- Overcoming domestic resource constraint.
- Raising the productivity of labour and capital.
- Generating employment.
- Easing the balance of payments constraints.
- Raising exports.
- Access to technology.
- Access to markets.
- Benefits to environment.
- Benefits to consumers.
- FDI may also contribute to increase revenue to the government.

Ladies and Gentlemen,

The Foreign Private Investment (Promotion and Protection) Act 1980 covers the legal framework for foreign investment in Bangladesh. The main features of the act are:

- Allowing 100% equity participation by foreign investors;
- Providing for fair and equitable treatment between local and foreign investments;
- Guaranteeing foreign investors protection against nationalization or expropriation by the State;
- Providing full indemnification in the event of financial loss due to civil unrest;
- Ensuring repatriation of invested capital, dividends and the proceeds from sales of shares. Repatriable dividends, if invested, are treated as new investments;
- For bringing in new investments, government approval is not needed;
- Foreign firms and companies may also raise loans locally and they do not require permission of the central bank for remittance of profit, technical assistance fees and royalties.

Distinguished Guests,

For attaining targets of GDP growth and investment/GDP ratio to be increased to 32% in 2015 and 40% in 2021, attractive and efficient business environment to prove the strength of the country is essential. It requires the coordinated actions of all stakeholders involved in trade and business and thereby enable Bangladesh to attract investment both domestic and foreign and a level playing field for all.

The total inflow of FDI has been increasing over the years. Though according to the World Investment Report 2013 of the UNCTAD Bangladesh achieved a significant growth in inflow of foreign direct investment in 2012. The inflow of foreign investment to the country has been low compared to that of many other developing countries. The foreign direct investment (FDI) was slightly more than US\$200 million in 1996. It took long 12 years for the FDI flow to cross the billion dollar mark in 2008. However, in 2009 it again came down below \$1.0 billion. Last year, it reached at US\$1.3 billion.

The favourable natural factors and various policy supports extended by government for attracting foreign investment led global banks and multilateral institutions portray a highly optimistic outlook. JP Morgan, Goldman Sachs, Citigroup, and Merrill Lynch have identified Bangladesh as a highly attractive investment destination, projecting the country to be the next Asian Tiger.

Japan External Trade Organization (JETRO) in its several surveys of Investment-related Cost Comparison reported that Bangladesh is competitive in business support services like communications and utilities.

The World Bank in its report 'Doing Business 2013' has ranked Bangladesh in the 25th position for 'Protecting Investors' which was better than India, Sri Lanka, Pakistan, China and Vietnam.

In Global Ranking Competition of Economics Zones out of 700 Economic Zones globally Chittagong Export Processing Zone, Bangladesh scored 3rd position in the "Best Cost Effectiveness" and 4th position in the "Best Economic Potential" for 2010-2011.

Ladies and Gentlemen;

Bangladesh is a winning combination with its competitive market, business friendly environment and cost structure for FDI. I like to mention some of FDI opportunities in Bangladesh which are as follow:

- **Industrious Low-Cost Workforce:** Bangladesh offers a well-educated, highly adaptive and industrious work- force with the lowest wages and salaries in the region. 60% of the population of Bangladesh are young which would be potential workforce of the country to contribute to the economic development of the country.
- **Strategic Location, Regional Connectivity and Worldwide Access:** Bangladesh is strategically located next to India, China and ASEAN markets.
- **Strong Local Market and Growth :** Bangladesh has proved to be an attractive investment location with its 160 million populations and consistent economic growth leading to strong and growing domestic demand.
- **Low Cost of Energy:** Energy prices are the most competitive in Bangladesh. Transportation on green compressed natural gas is less than 20% of the diesel price.
- **Proven Export Competitiveness:** Bangladesh enjoys tariff-free access to the European Union, Canada, Australia and Japan. In Europe, Bangladesh enjoys 60% of the market share and is the top manufacturing exporter amongst 50 least developed countries.
- **Competitive Incentives:** Bangladesh offers the most liberal FDI regime in South Asia, allowing 100% foreign equity with unrestricted exit policy, easy remittance of royalty, and repatriation of profits and incomes.
- **Tax Holiday Facilities:** Foreign investment is facilitated by the provision of tax holiday facilities.
- **Establishment of Arbitration Council by the International Chamber of Commerce of Bangladesh in cooperation with DCCI and MCCI,** which is considered as an encouraging example of Bangladesh's determination to build structures which will address key problems facing investors.
- **Adoption of Public Private Partnership (PPP):** It may be mentioned that government has adopted Public Private Partnership (PPP) policy for building infrastructure projects as power, gas and water. Foreign investors may take this opportunity to participate in the PPP projects.

Distinguished Gatherings,

However, the foreign investors may face some obstacles like:

- Bureaucratic inertia
- Uncertain legal protection
- Inadequate IPR laws

- Land requisition
- Unreliability of energy and transport infrastructure
- Political instability
- Frequent changes in policies on import duties for raw materials, machinery and equipment
- Overlapping administrative procedures and absence of a transparent system

So, government as well as political parties should ensure all these factors especially political stability in the country for the sake of attracting more FDI. Considering the country's economic and commercial potential, the extent of such obstacles frustrate foreign investors.

The investor confidence in Bangladesh may depend on the reduction of these risks factors. Realizing these Bangladesh has taken several steps. Fiscal deficit has been brought down. Tax net has now widened and revenue collection increased. The central bank enjoys greater independence in formulating monetary and credit policies and in its supervisory and monitoring functions. The inflation rate, of course, remains high relative to many developing countries but it is significantly below the level where it can adversely affect growth.

Good governance is critical for the investment climate and key to long-term economic growth. Bangladesh has some positive achievements in the sphere of governance such as in reducing the gender bias, ensuring the liberty of press and media, continuation of democratic government, adoption of the Right to Information Act, the separation of judiciary from the executive, amendment of labour law etc.

The Board of Investment may take initiative to present Bangladesh as an attractive investment destination in infrastructure building under PPP models which includes transport, energy and other infrastructure, where foreign investment may be attracted.

Distinguished Guests,

I would now like to mention some initiatives of DCCI to enhance investment in the country.

DCCI Help Desk: In order to support the business community at home and abroad and facilitate investment process, DCCI has established DCCI Helpdesk at its own premises. The business communities at home and abroad are now getting services regarding registration, trade, commerce, business and investment from this help desk. The investors from all over the world can use DCCI help desk as 'first point of contact' in getting required information of investment in Bangladesh.

DCCI Entrepreneurship and Innovation Expo-2013: DCCI has also taken a noble initiative to create 2000 new young entrepreneurs throughout the country in cooperation with Bangladesh Bank has organized "DCCI Entrepreneurship and Innovation Expo-2013" during 1-2 November, 2013.

NRB for Positioning Bangladesh: In order to bring huge potentials of Bangladesh to the Non Resident Bangladeshi (NRBs) to invest in various potential and productive areas, DCCI wants to create a strong relationship with the NRBs and support them to invest in Bangladesh. The Chamber is going to hold an event namely "NRB for Positioning Bangladesh" in Dhaka this year.

I hope the distinguished speakers will provide us with more information regarding FDI and the distinguished participants will make the RTD a success through their fruitful discussions. I would not prolong my speech further. I once again thank you for your active participation.

Allah Hafiz

Md. Sabur Khan  
President, DCCI