

Discussion Meeting on Sustainable Energy Finance Between DCCI and US Govt. Mission (Date 16/3/2013, Time: 11:00 a.m., DCCI Board Room)

- Dr. Robert Ichord, Deputy Assistant Secretary for Energy Transformation
 - Ms. Molly Ward, State Department Energy Bureau (State/ENR)
 - Ms. Elizabeth Wallace, Financing Consultant for State/ENR
 - Mr. Pat Delaquil, SE4ALL Consultant for State/ENR
 - Mr. Francesca Costantino, U.S. Department of Energy,
 - Mr. Alexander Gazis, Economic & Commercial Office, U.S. Embassy,
1. On behalf of Dhaka Chamber of Commerce & Industry (DCCI) and on my own behalf, I have the pleasure to cordially welcome you to DCCI to discuss various issues on energy and energy finance. The objective of today's meeting is to discuss about access of energy, promote renewable energy and improve energy efficiency. It is a great opportunity to exchange the views and ideas with you on power and energy related issue. **Bangladesh is under tremendous demands for generating power. Alternative Power has a great demand in Bangladesh and there remains a tremendous growth potential in this sector. Sustainable Energy for All (SE4All) can play a vital role to mobilize foreign investment in Bangladesh in this sector**
 2. Let me say something about our Chamber. **DCCI is the largest and most active chamber in the country rendering trade supporting services to its 14000 members and other business communities in the country.** The chamber has taken various activities to build capacity of the private sector to face the challenges of globalization and exploit the emerging opportunities in the international market.
 3. **Only 47% of the total population of Bangladesh is enjoying the electric facilities.** Per capita generation is 220 KW hr which is comparatively lower than other developed countries in the world. Public and private sector produces 63% and 37% of electricity respectively.

4. Fiscal incentives for private power companies

A number of fiscal incentives are provided to the private power companies. Some of them are as follows:

- Exemption from corporate income tax for a period of 15 years.
- Allowed to import plant and equipment and spare parts up to a maximum of ten percent (10%) of the original value of total plant and equipment within a period of twelve (12) years of commercial operation without payment of customs duties, VAT and any other surcharges as well as import permit fee except for indigenously produced equipment manufactured according to international standards.
- Repatriation of equity along with dividends allowed freely.
- Exemption from income tax for foreign lenders to such companies.
- The foreign investors will be free to enter into joint ventures but this is optional and not mandatory.

5. Facilities and incentives for foreign investors

There are number of facilities and incentives would be provided to the foreign investors. Some of them as follow:

- Tax exemption on royalties, technical know-how and technical assistance fees, and facilities for their repatriation.
- Tax exemption on interest on foreign loans.
- Tax exemption on capital gains from transfer of shares by the investing company.
- Avoidance of double taxation case of foreign investors on the basis of bilateral agreements.
- Exemption of income tax for upto three years for the expatriate personnel employed under the approved industry.
- Remittance of up to 50% of salary of the foreigners employed in Bangladesh and facilities for repatriation of their savings and retirement benefits at the time of their return.
- No restrictions on issuance of work permits to project related foreign nationals and employees.
- Facilities for repatriation of invested capital, profits and dividends.

6. Power industry development plan in Bangladesh

In order to realize the government's vision to provide electricity to most of the population at a reasonable price and to achieve overall socio-economic development of the country, the government of Bangladesh has initiated a Power and Energy Sector Development Roadmap (2010-2021) which targeted to produce 8,500 MW by 2013, 11,500 MW by 2015 and 20,000 MW by 2021. However, to ensure overall and balanced development of this sector government has taken immediate plan (2010), short-term plan (2011), medium-term plan (2012-2015) and a long-term development plan (2016-2021). The plans have been developed based on a techno-economic analysis and a least-cost option. These plans include balanced development in generation, transmission and the distribution system to achieve a desired level of reliability of supply.

Midterm plan (2012-2015)

Under this plan, government has taken into account to establish 3 to 5 years of implementable coal based power stations with a capacity of 2,600 MW to the total capacity of 7,714 MW.

Long term plan

As of the Power and Energy Development Roadmap (2010-2021), government expects to meet the desired destination (20,000 MW by the year 2021) through the increment of 10% production per year towards reaching the per capita consumption to 600 Kw.

7. **Renewable Energy:** About 16% of global final energy consumption now comes from renewable resources. In Bangladesh efficient utilization of renewable energy resources is yet to assume commercial dimensions. The renewable energy includes solar, wind, biomass, hydro, geo-thermal, tidal wave etc. Renewable energy in the form of traditional biomass is the main source of primary energy in the country comprising some 35-60% percent of total primary energy use. The size and economic potential of the renewable energy resources (e.g., solar photovoltaic, solar thermal power, wind power, biogas, etc.) in Bangladesh are yet to be determined and the capacity of renewable energy development is presently low. Although investment costs of renewable are generally higher compared to fossil fuel alternatives, this option becomes economically viable when all externalities (e.g.

environmental cost, health hazards etc.) and lower operating cost are taken into consideration.

8. **Energy** and power needs to act as a key catalyst for the development in Bangladesh. Industries are being automated and the country is gradually moving from a labor-intensive economy to a capital intensive one. Electricity and power are vital to the nation at such a stage. Bangladesh has a vast market as far as power and electricity is concerned and good prospects for constructing power generation plants exist in the country in terms of resources available and government policies.
9. **We welcome US Investors to invest in power and energy sector including alternative energy like renewable energy in Bangladesh. We hope Global investors including US investors will take the opportunities and invest in Bangladesh.**
10. With this few words, I conclude now. Before concluding, I thank you again for the meeting with DCCI.

Allah Hafez

**Md. Sabur Khan
President, DCCI**