

Bangladesh-Japan Investment
PROMOTION BOOKLET

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MESSAGE FROM THE Managing Director



TAREQ RAFI BHUIYAN (JUN)
Managing Director

As a result, the market share of foreign diapers decreased from 70% in 2014 to 40% in 2020. Currently, 60% of the total market is captured by local brands. Both domestic and foreign companies are showing interest to produce locally, in a move to reduce dependency on imported diapers while meeting growing demand. //

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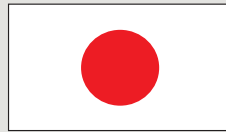
The COVID-19 induced economic crisis had a substantial impact on the export and import of Bangladesh by a large margin. With the beginning of mass vaccination in Bangladesh, business sensitivity is expected to be normal again.

The recovery of the export sector began in the 2nd half of 2020 as many buyers of RMG products started placing new orders.

The lack of export diversification remains a major challenge in Bangladesh as more than 80% of the export earning comes from the RMG sector.



KEY MILESTONES OF BANGLADESH-JAPAN FRIENDSHIP



**Free and Open
Indo-Pacific (FOIF)**

2022

50th anniversary of diplomatic relationship between Japan and Bangladesh

2020

Two countries signed largest ever loan package worth \$3.2 billion

2019

Prime Minister Sheikh Hasina visited Japan. Comprehensive partnership between both countries reached to a new height

2016

Prime Minister Sheikh Hasina visited Japan to attend the outreach meeting of the G7 Ise-Shima summit

1998

Bangabandhu (Jamuna) bridge was constructed with the assistance from Japan

2002

Japan signed agreement on technical cooperation to Bangladesh

2014

Prime Minister Abe visited Bangladesh and launched BIG-B initiative between two countries

2015

Partnership for Quality Infrastructure

1991

Meghna Bridge also known as Japan-Bangladesh Friendship Bridge was constructed with Japan's assistance

1973

Japan dispatched JOCV's to Bangladesh for the first time

1972

Both countries opened embassy in Tokyo and Dhaka

1971

Bangladesh gained independence from Pakistan

Trade & Investment



315 Japanese companies operating in Bangladesh



433.34

As of Jan 2021 MILLION USD
Japan's FDI stock in Bangladesh



1.37

2019-20 FY
EXPORT to Japan
Billion USD




49.35

2019-20 FY Billion USD REMITTANCE From Japan



WHY BANGALDESH?

Huge Domestic Market | **Favourable Business Climate**
Steady GDP Growth | **Stable Inflation** | **Cheap Labour**

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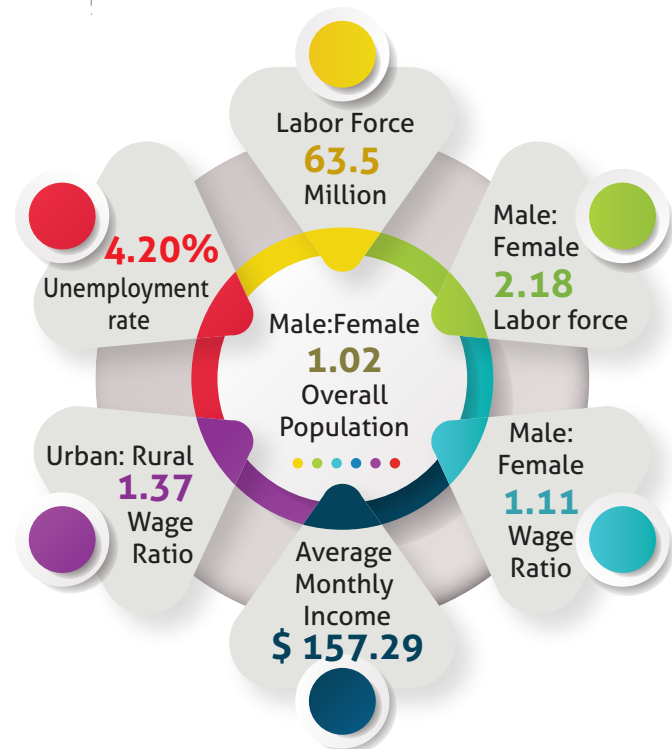
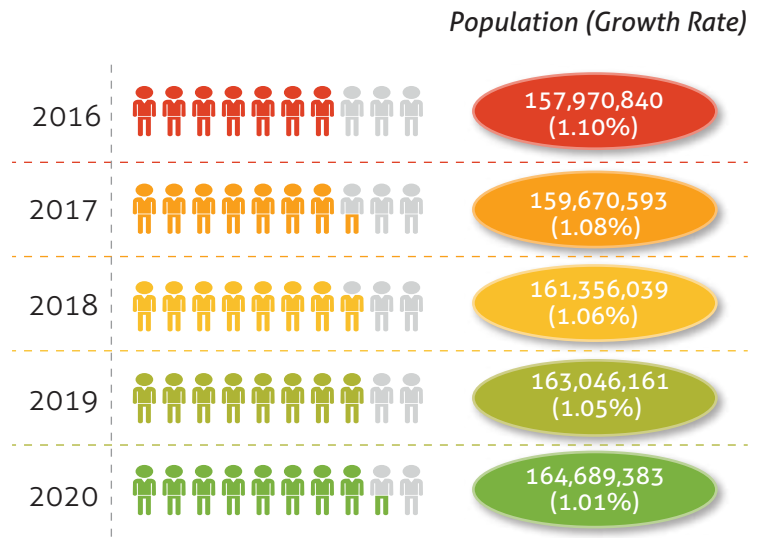
NEWVISION
Vision for Growth



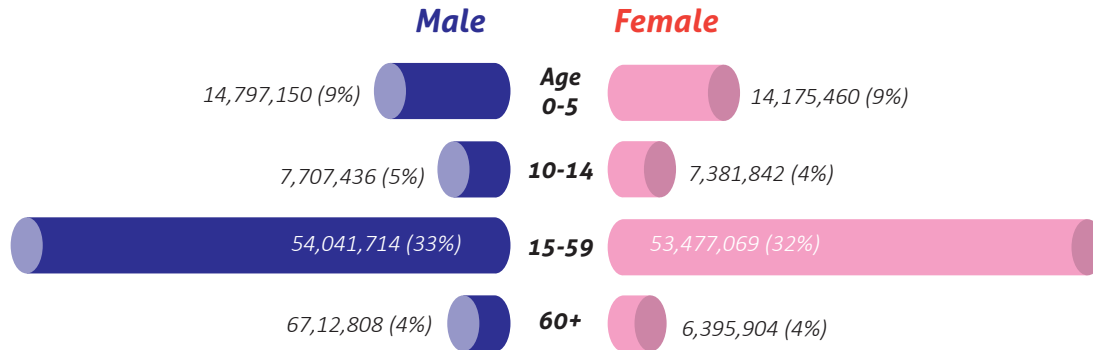
Advantageous demographics has been key to the remarkable growth of Bangladesh

- Despite having a population of 164 million, Bangladesh has a fairly young population. One-third of its population is aged 15 and younger while only 5% aged 65 and older.
- Around 65% of the total population of Bangladesh are working people – 106.1 million in total. Of this 62.1 million people are currently working whereas 44 million are still unemployed.
- The rising number of middle-class consumers across the country has created new opportunities for manufacturers.
- Steady population growth will facilitate further economic development.

Population of Bangladesh¹



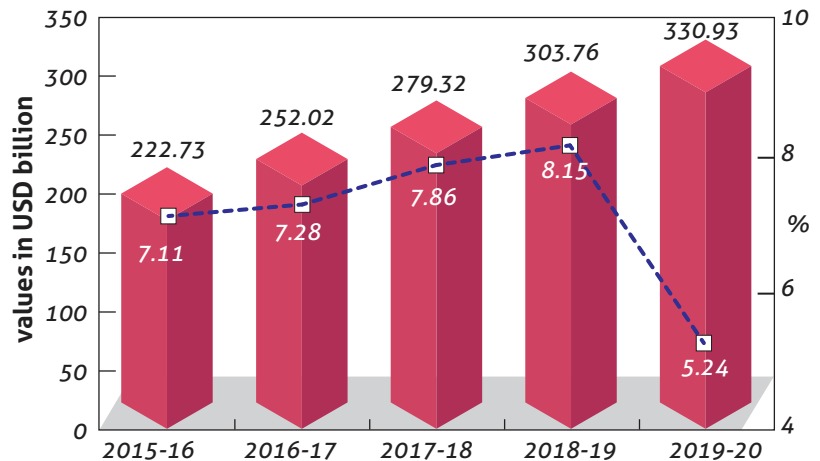
Bangladesh's Population Pyramids²



Steady economic growth along with improvement in social indicators

- A booming economy aided by a fast-growing manufacturing sector, its garments industry is the 2nd largest in the world, Bangladesh's Gross Domestic Product (GDP) has been growing at over 6% annually for the last 7 years – except 2019-20 fiscal year – and has achieved 8.13% growth in the last fiscal year, 2018-19.
- Bangladesh, once far behind, just surpassed its neighbour India in GDP per capital reaching almost \$2,000 in 2020 despite enduring the impact of COVID-19.

Bangladesh GDP and GDP Growth Rate³



Sector Wise GDP Contribution³



Agriculture
13.02%



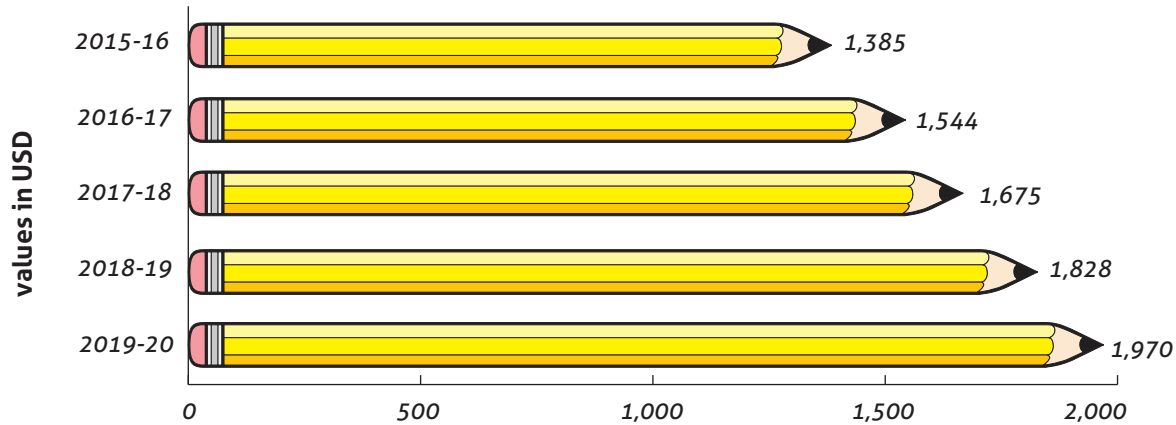
Industry
31.13%



Service
55.85%



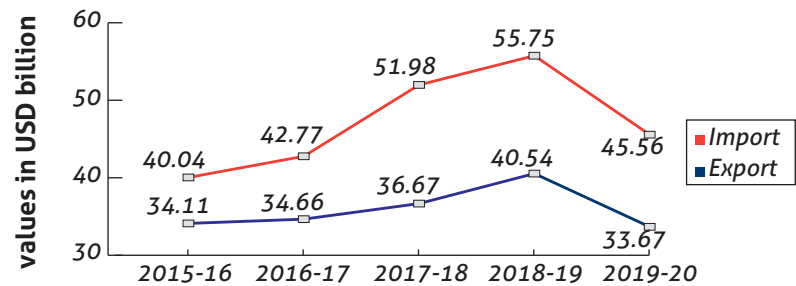
Bangladesh Per Capita GDP³



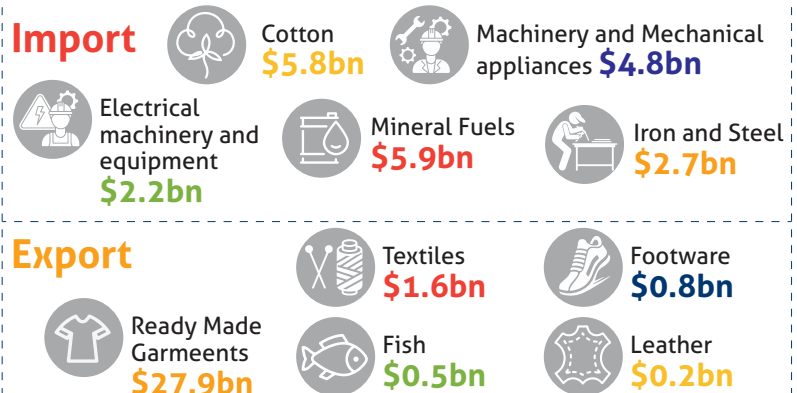
Import and export scenario: dependency on RGM and textile sector

- The COVID-19 induced economic crisis had a substantial impact on the export and import of Bangladesh by a large margin. With the beginning of mass vaccination in Bangladesh, business sensitivity is expected to be normal again.
- The recovery of the export sector began in the 2nd half of 2020 as many buyers of RMG products started placing new orders.
- The lack of export diversification remains a major challenge in Bangladesh as more than 80% of the export earning comes from the RMG sector.

Import and export volume in the last five years^{4(a,b)}



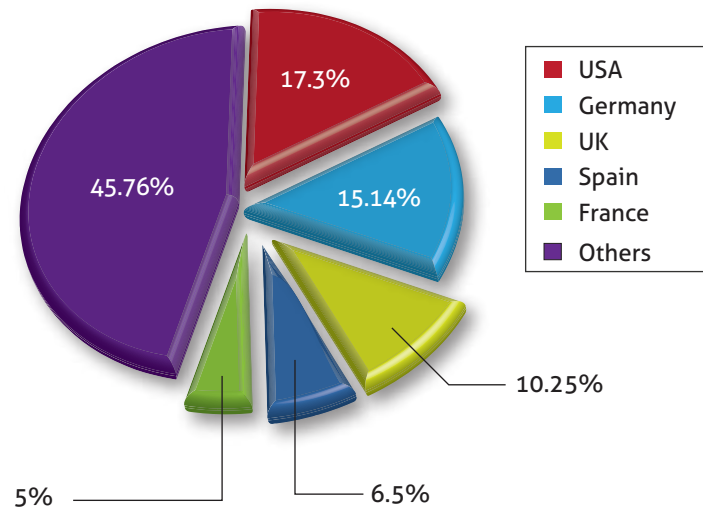
Products-wise import and export in 2019-20^{4(a,b)}



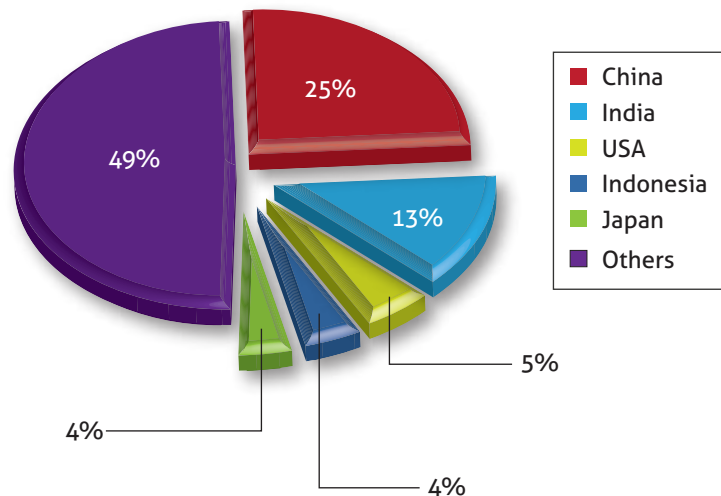
LDC graduation could have huge impacts on the export earnings

- Bangladesh is set to meet the LDC graduation criteria for the consecutive second time and it's widely expected that the country will be recommended for graduation during the upcoming triennial review of the Committee for Development Policy (CDP) of the United Nations.
- Bangladesh has requested for providing an extended preparatory period of five years spanning from 2021 to 2026, the impact of COVID-29 has been one of the reasons for such request.
- As per the existing provisions, Bangladesh would still enjoy duty-free and quota-free access in the European Union market for additional three years until 2029.

Country-wise export share in 2019-20^{4b}



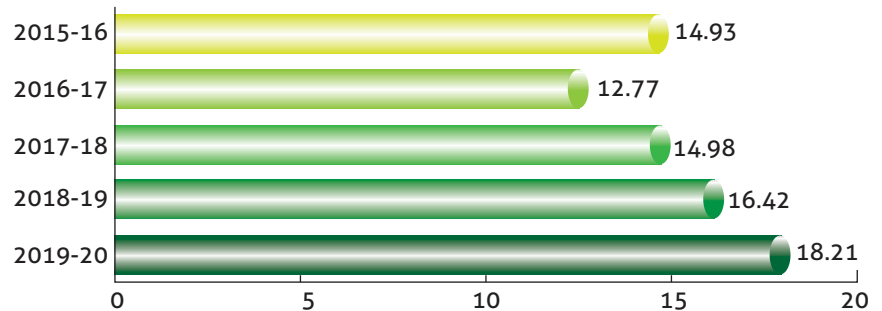
Country-wise import share in 2019-20^{4b}



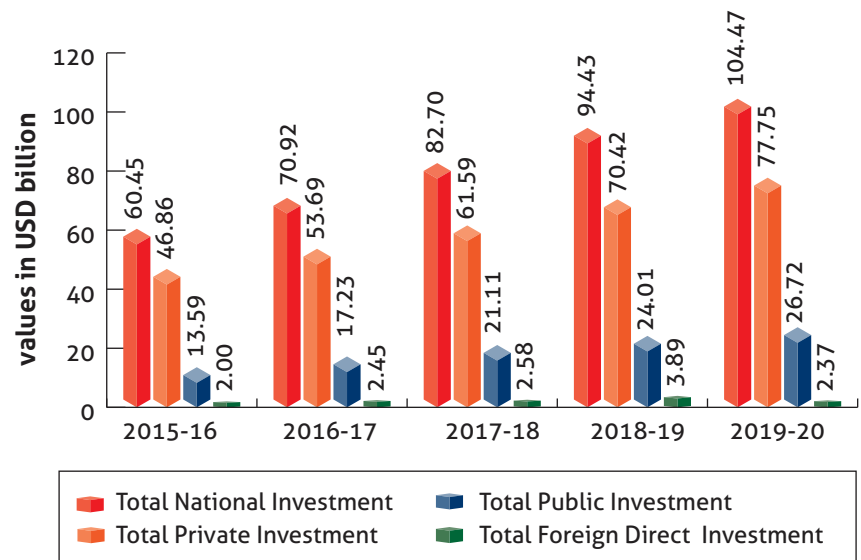
Import and export scenario: dependency on RGM and textile sector

- Despite the partial shutdown of many economies around the world due to coronavirus pandemic, Bangladesh's remittance actually increased. Robust remittance inflows have put Bangladesh's foreign currency to an all-time record amount of \$43 billion.
- Bangladeshi expatriates have already sent around \$15 billion in the first seven months of the current fiscal year recording a 35% year-on-year growth.
- An unprecedented \$2 billion remittance per month from July 2020 through January 2021 has been vital to combat the COVID-19 crisis.

Remittance Inflows in Bangladesh⁵



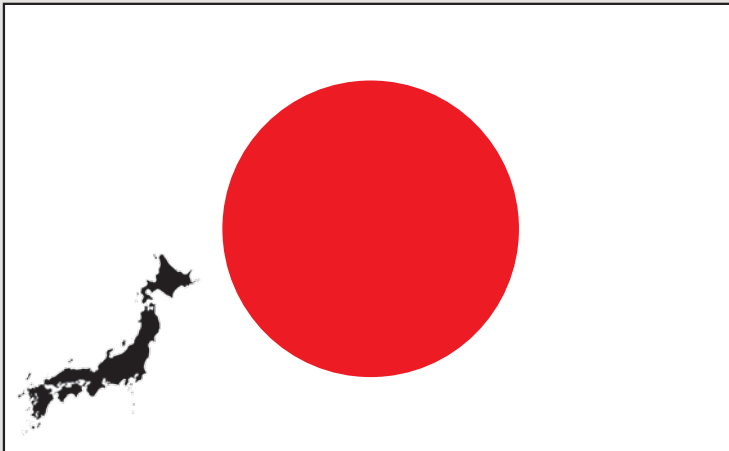
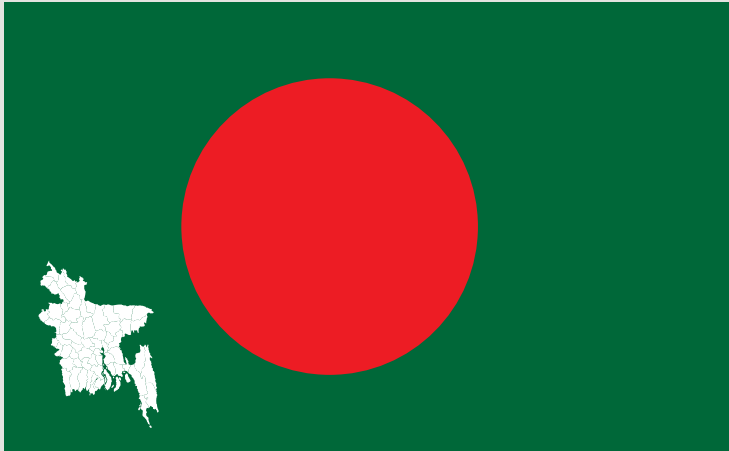
Investment in Bangladesh⁶





Huge potential across multiple sectors

Sectoal Collaboration Between Bangladesh-Japan



Thrust Sectors of Bangladesh

 Agro-food processing	 Light Engineering
 FMCG	 Automobile
 Financial services	 ICT
 Pharmaceutical & healthcare	 Start-up
 Steel	 Blue Economy
 Shipbuilding	 Home Appliances

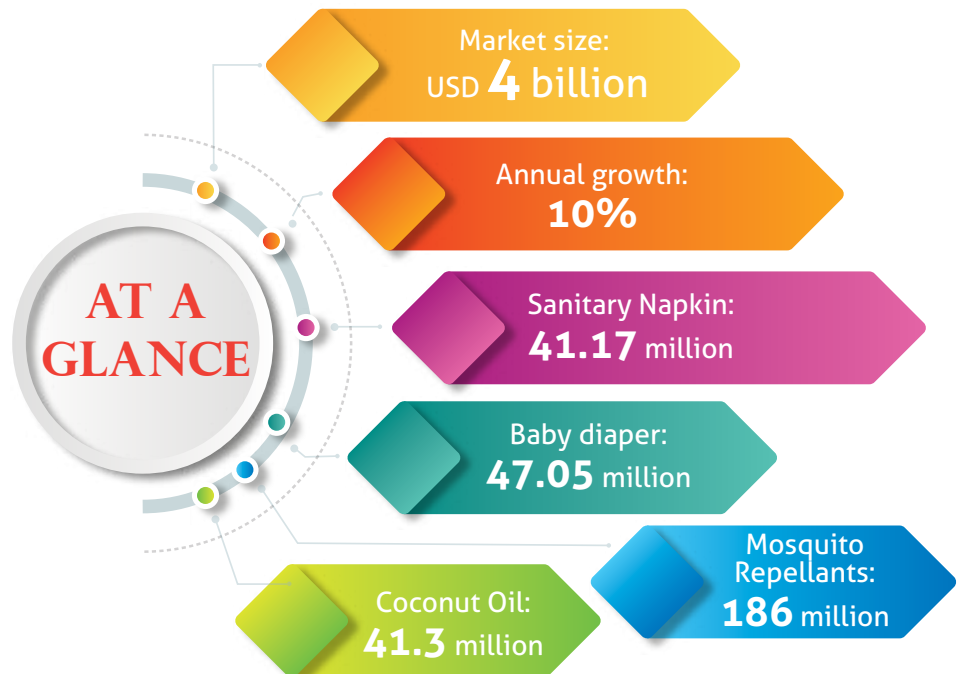


FMCG Industry of Bangladesh: popular items in recent years

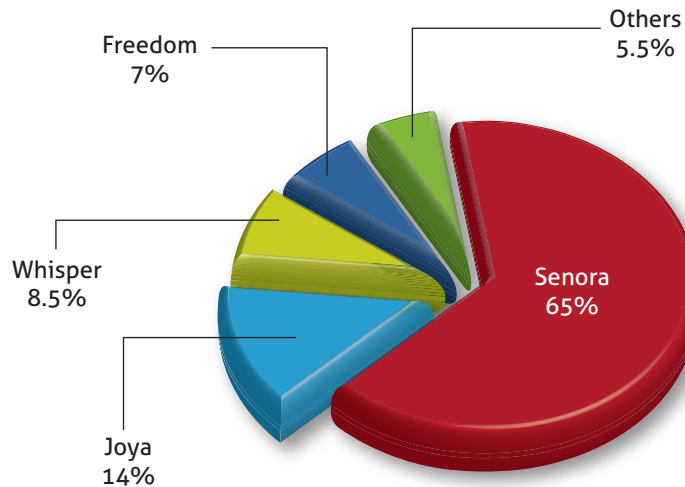
- Fast-moving consumer goods (FMCG) sector has been thriving in Bangladesh in recent years and now considered as one of the fast-growing industries of Bangladesh – market size increased at 9% to \$3.4 billion in 2017. Demand for food and beverage, personal care and household essential products have increased rapidly with a growth of 10% per annum – total market size of FMCG is estimated to be around \$4 billion.
- Among the vast varieties of FMCG, some products such as sanitary napkin, baby diaper, mosquito repellents and coconut oil have performed particularly well. These products have been showing promising upward trends in Bangladesh.

Sanitary Napkin

- Sanitary napkin is one of the growing FMCG products in Bangladesh having a market size of around BDT 350 crore (\$41.17 million) with a yearly growth of 20%. Local manufacturers dominate the market capturing 90% of total demand while some consumers – especially upper-class with strong purchasing power – still prefer imported sanitary napkin.
- Due to lack of awareness and social orthodoxy, 80% of the women in Bangladesh do not use any sanitary napkin however, the number of sanitary napkins using women increased from 14% to 20% between 2014 and 2020. Local NGOs and communities are working hard to popularizing the use of sanitary napkins among rural and urban women.



Market Share of Sanitary Napkin in Bangladesh⁷



Major players

Brand	Producer
 Senora	 SQUARE
 Joya	 SMC Live better
 Whisper	 P&G

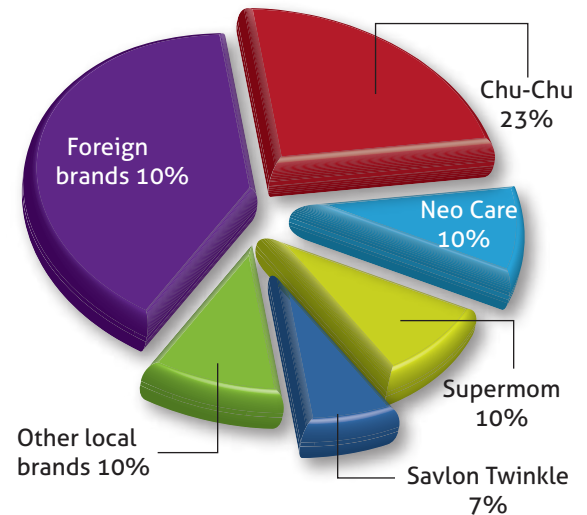
Baby Diaper

- The use of baby diapers is also increasing with the rise of middle-class consumers across Bangladesh. According to the industry insiders, the current market size of baby diaper is around BDT 400 crore (\$ 47.05 million) which is expected to be double by 2025. The market is also growing at a staggering 20% to 30% per annum.
- Once the industry used to be dominated by foreign brands, but local manufacturers have started paying attention in this growing sector. Interest from domestic companies couple with a high import tariff on baby diapers – total tax incidence is currently 127.7% – has contributed to the decline of using foreign diapers.
- As a result, the market share of foreign diapers decreased from 70% in 2014 to 40% in 2020. Currently, 60% of the total market is captured by local brands. Both domestic and foreign companies are showing interest to produce locally, in a move to reduce dependency on imported diapers while meeting growing demand.

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Market Share of baby diaper in Bangladesh⁸



Mosquito Repellants

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Popular types of mosquito repellants in Bangladesh

- With growing concerns, spending on mosquito repellent has also increased by 18%. The market is dominated by local producers as the government banned importing mosquito coil in 2015.
- However, in 2019, the government withdrew the restriction amid the dengue outbreak. Mosquito coil is predominantly used – 89% of the total expenditure on repellents – among the mosquito repellents. Due to its vast availability and cheap price mosquito coil is very popular in Bangladesh.
- Mosquito killing electric bat is also gaining polarity among urban users but the market share is less than aerosol, liquid vaporizers. ACI-black fighter, Eagle, Mortein, Baoma, Tulsi pata, Jonaki are some famous mosquito coil brands among hundreds of brands found in Bangladesh.



Major Brands

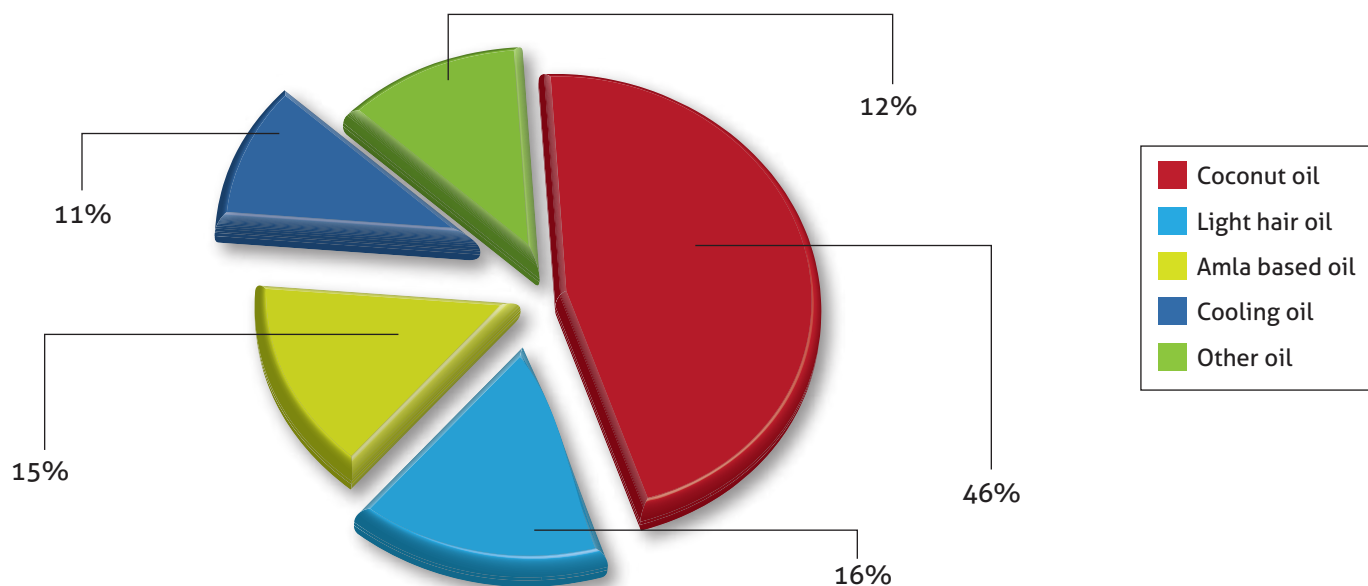


ACI Limited and Good Night, each has significant (90%+ each) market share of aerosol and liquid vaporizer market respectively.

Coconut Oil

- The hair oil market of Bangladesh is dominated by foreign brands. The market size of hair oil products is around \$41.3 million which is expected to increase to \$54 million by 2025 with a compound annual growth rate (CAGR) of 5.5%.
- Coconut oil is the most popular hair oil among Bangladeshi consumers and currently, the market size of coconut oil is understood to be around \$19 million. Parachute coconut oil, the most sold brand, has 80% (\$15.2 million) market share which is owned by Marico (Parachute coconut oil).
- Marico, an India-based company, set up a factory in Bangladesh in the late 1990s and quickly acquired the largest share of the market. Along with Parachute, Dabur, Kumarica and Emani are also performing fairly well in the market. Among the local brands, Jui, a product of Square Ltd and Hash Marka – Lalbagh Chemical – are most renowned and popular.

Pouplar types of hair oil in Bangladesh⁹



Government Policy toward FCMG

1. In 2019, the government of Bangladesh withdrawn banned over the import of mosquito repellent considering environmental facts. Therefore, anyone with proper registration can trade mosquito repellents easily. [4]
2. The National Board of Revenue (NBR) has exempted VAT and supplementary duty over the import of raw materials of sanitary napkins and diaper to encourage domestic production of hygiene goods. Import duties and tax on finished sanitary pad and diaper have not been changed for FY-2019-20. [2]
3. Currently, the government policy is encouraging FDI as the US-China trade dispute is gradually increasing popularity of Bangladesh as the next promising zone for FDI. Hence, FDI in the growing coconut oil market will be welcomed and supported by the Bangladesh government.

Opportunity for Japanese companies

1. Parachute (Marico of India) got a competitive advantage for using quality coconuts from South India and Indonesia. Therefore, it could be a great opportunity for Japanese companies to grab the market share of growing hair oil segments by investing in Bangladesh.
2. Unfortunately, 80% women in Bangladesh still do not use sanitary napkin due to higher price and for some, it's considered as a symbol of luxury. But in recent times, consumer's attitude is changing toward using sanitary napkin. As such, it could be an opportunity for Japanese companies to introduce sanitary napkin at a competitive price.
3. For modernization and considering health issue, people living in urban areas prefer vaporizer and aerosol. The market size of both products has increased from BDT 6.8 crore (\$0.8 million) to BDT 14.6 crore (\$1.7 million) and BDT 115 crore to BDT 175 crore respectively between 2017 and 2019. Japanese companies have the opportunity to introduce environment friendly vaporizer and aerosol products targeting growing middle and upper-class consumers.



Light Engineering Industry (LEI): A Potential Export Market Player

- Started its journey in 1980, the light engineering industry of Bangladesh has become one of the major sub-sectors of Small & Medium Enterprises (SMEs). Within a decade, the industry grew from \$2.4 bn to \$3.12 bn in 2020. The industry is currently contributing 2.2% of the GDP. Among the domestic production, 7.5% (235.3 million) is substituting the imported products which is called import substitution.
- In the LE industry, there are around 60,000 enterprises providing employment of 1 million people. According to the Bangladesh promotion bureau, 90% of the enterprises are working to fulfill local demand.

At A Glance



Major LEI production hubs

Area	Product
Rangpur, Dinajpur, and Sylhet	Automobiles, Railways
Bogra and Natore	Foundry, Agro-machinery, Cylinders
Dhaka, Gazipur, and Narayanganj	Capital machinery, Bicycles, and Construction equipment
Khulna, Jessore and Barisal	Spare-parts for mills and factories
Chattogram	Shipbuilding and Breaking related spare parts and machinery

Concentration of LEIs across Bangladesh



“According to the type of industry, different types of LEI have been developed in different area”

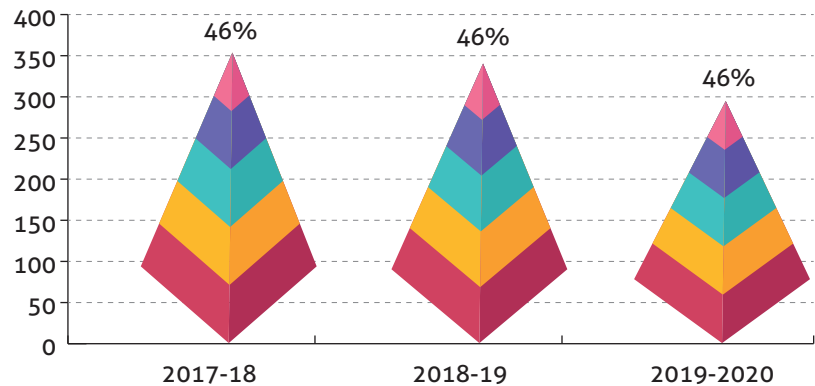
Export of Light Engineering Products (LEPs) from Bangladesh

In FY 2019-20, Bangladesh exported around \$293 million worth of light engineering products among which 36% was electrical equipment, 32% was transport-associated equipment and the rest of the 32% was base metal articles. In the same FY, Bangladesh exported LEPs of \$ 32.2 million to Japan and imported \$ 1 billion worth of LEPs

Export of Light Engineering Products (LEPs) from Bangladesh

Despite the huge potential, investment in this sector is not very big. Investors, banks, and financial institutions are reportedly less interested to invest in the sector. The overall investment in this sector is about \$14.8 billion.

Yearly Export of LEPs from Bangladesh - in million USD¹⁰



Government initiatives for the light engineering sector

- Establishing Light Engineering Product Business Promotion Council (LEPBPC) to promote and facilitate the export of Light Engineering products & services in Bangladesh.
- Prioritizing the light engineering sector in the export policy 2018-21 and identify as "Special Development Sectors (good export potential but weaker production facility).
- MoU has been signed between the government and BEIOA through Bangladesh Industrial and Technical Assistance Center (BITAC) to establish a common facility center (CFC) for LEIs for product development and others.
- Establishing Light Engineering Cluster Village and state-of-the-art laboratory and common facilities center
- Plan to establish 5 light engineering industrial park in Dhaka, Narayanganj, Jashore, Bogura, and Narsingdi.
- The government has been developing an industrial zone for the light engineering sector at Munshiganj district.

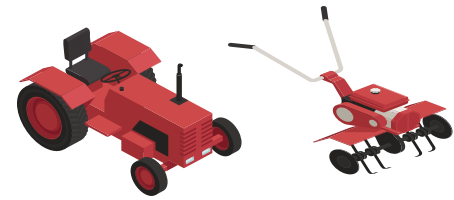
Opportunity for Foreign Investors

- Being a player of 3.1 billion dollars and 300 million dollar's export market.
- Foreign investment up to 100% is allowed with no restriction on repatriation of capital including capital gains.
- Tax holiday for 10 years
- Exemption on income tax on salaries of technicians for 3 years,
- Complete exemption from dividend tax during the tax holiday period
- Duty-free import of machinery, and raw materials and
- Exemption of income tax on interest on borrowed capital.

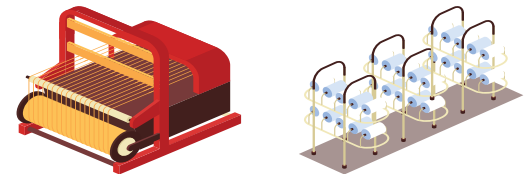
Despite being a potential sector, this sector has not been performing up to its expectation. But as the parallel industries are growing, demand for LEPs is also increasing. The growing motorcycle, bicycle, and agro-machineries industry have become a good market for LEP producers.

Bangladesh is also moving towards car manufacturing and probably within a year Bangladesh is going to have its first electric car in the market. The existing

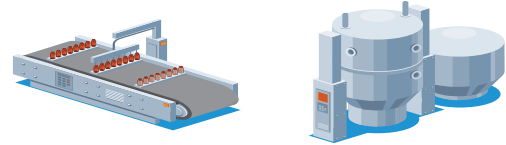
Major LEIs products



Agriculture and Poultry Machinery & Spares



Textile Machinery and Spares



Pharmaceutical Machinery and Spares

billion-dollar RMG industry is also a large consumer of LEPs. As automation is taking place, the demand for LEPs is not going down any sooner rather going to increase exponentially. This is the perfect time for any investor to become a strong market player and utilize the large and adaptive workforce.

Financial Services in Bangladesh: The Story of Mobile Financial Service

Financial Services in Bangladesh: The Story of Mobile Financial Service

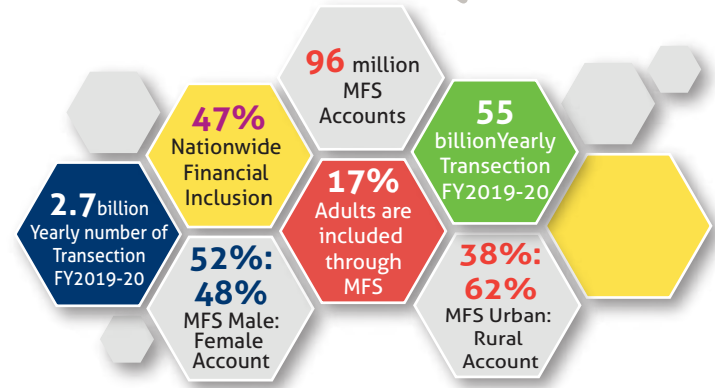
Financial inclusion works as a key driver for an economy to develop a strong and efficient financial infrastructure. Empirical analyses indicate that financial inclusion has a greater impact on economic growth.

To increase the rate of financial inclusion, Bangladesh Bank has been promoting technology-based banking services, mobile banking, agent banking, and infrastructure facilities related to financial services.

Mobile banking along with agent banking has proved to be a game-changer in this context. Financial products and institutional structures have changed a lot due to mobile financial services (MFS).

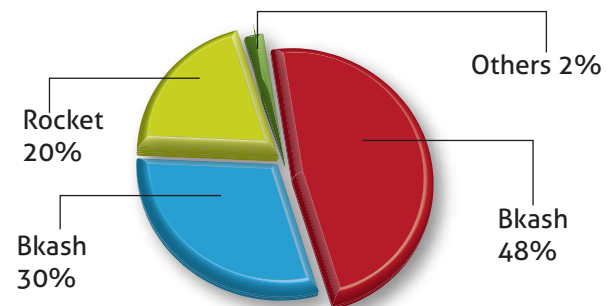
In 2011, Bangladesh bank launched off-branch MFS based on an omnipresent and efficient mobile phone network. Since the introduction of MFS, financial inclusion has risen by a significant number. Financial inclusion was only 32% in 2011 but after the introduction of MFS service, it became 50% in 2017. According to a study conducted by Kantar on Financial Inclusion Insights (FII), in 2018; 47% of the Bangladeshi adults were financially included in 2018, of which 17% came from MFS.

At A Glance



Both monthly number of transaction and volume through MFS is increasing in Bangladesh. Currently, there are 96 million (Oct 2020; Bangladesh Bank) registered MFS accounts. Around \$6.2 billion was transacted through 290.1 million transactions on MFS platforms during the month of October 2020. In FY2019-20, total transacted value through MFS stood at \$55 billion which was \$47 billion in the previous fiscal year.

Market Share of existing player¹⁰



bKash



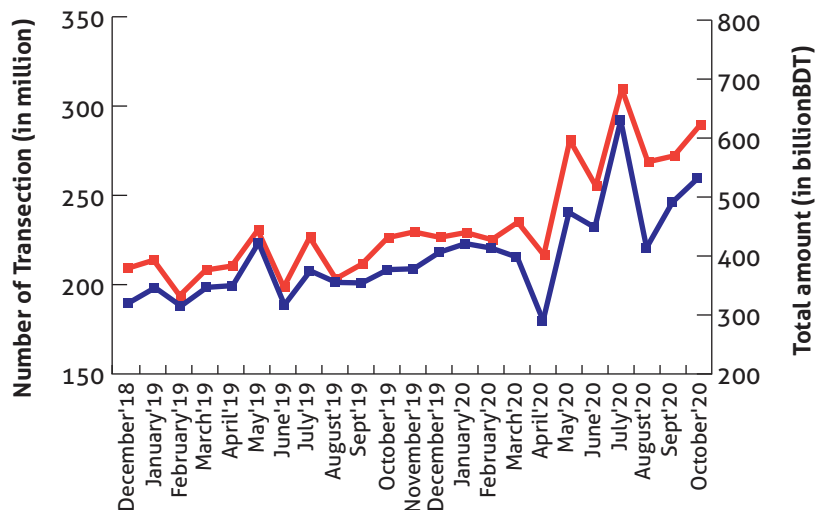
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Major Market Players and their Share

According to Bangladesh Bank, currently, there are 16 MFS providers in Bangladesh who are backed by 15 different commercial banks and one government institution. Undoubtedly, the market is led by bKash backed by BRAC bank while the 2nd position is occupied by Nagad which is supported by Bangladesh Post Office and Rocket is associated with Dutch-Bangla Bank, the oldest service provider is in the 3rd

Trend of Monthly Transaction - MFS¹¹



position. Majority (98%) of the market is dominated by the top 3 three service providers.

Government Policy Direction and Goals

The government of Bangladesh first introduced the service with a view to:

provide a regulatory framework to create an enabling and competitive environment to cater cost-efficient and prompt MFS;

- Promote access to formal financial services at an affordable cost, especially for the poor and unbanked population segments; and
- Ensure compliance with Anti Money Laundering and Combating Financing of Terrorism (AML/CFT) standards set by AML/CFT rules, regulations, guidelines, and instruction issued by Bangladesh Financial Intelligence Unit (BFIU).

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



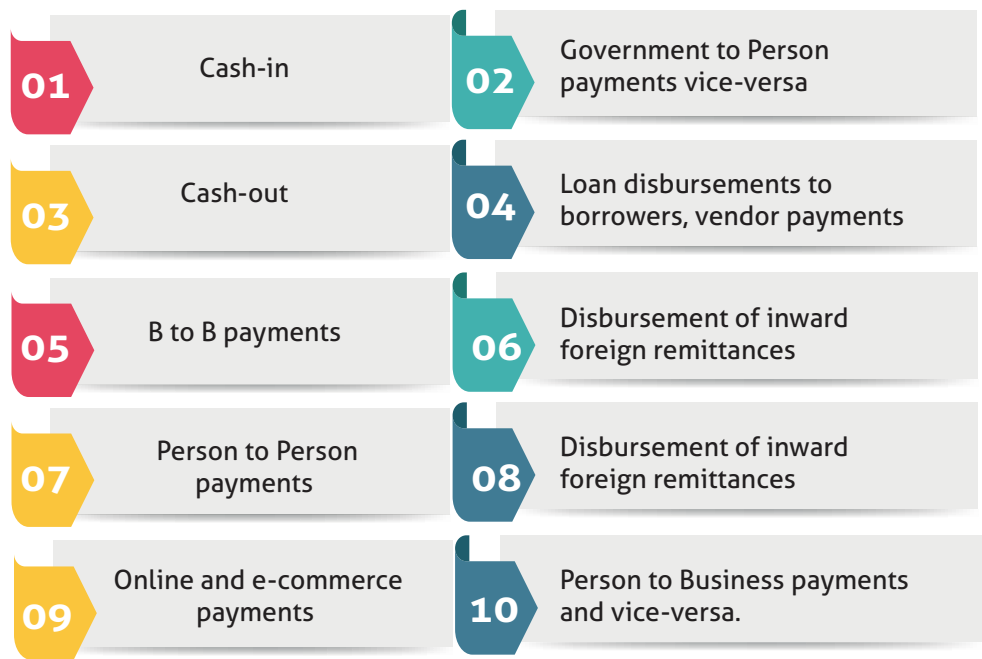
10 REDUCED INEQUALITIES



MFS has been playing a key role to achieve the vision of Digital Bangladesh. The agenda was taken to include all classes of people and does not discriminate against people in terms of technology, where MFS worked as an effective catalyst.

MFS is ensuring more financial inclusion which is directly or indirectly helping Bangladesh to achieve the following SDGs by 2030.

Types of Mobile Financial Services



Foreign Investment in Bangladeshi MFS sector

The leading player, bKash is a joint venture between BRAC Bank Limited, and Money in Motion LLC, USA. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in March 2014, Bill & Melinda Gates Foundation became the investor of the company.

- By investing in this untapped market, Japanese companies can grab a large share from both inclusive and non-inclusive population and help Bangladesh to achieve 100% financial inclusion.
- Japanese investors can invest in a joint-venture with a Bangladeshi commercial bank and can hold up to 49% share of the joint-venture.
- Like "Nagad (A joint venture of Bangladesh Post Office and Private company-The third wave Ltd.)" Japanese companies can invest through a public-private partnership.
- According to the guideline, MFS providers (not the Bank) will be the primary driver of the products and services, manage customer

relationships and distribution channels and mitigate associated risks, which will give the Japanese investor's full control over market-operation.

- Required paid-up capital is only USD 5.2 million for the MFS providers.
- From Japan, Bangladesh earns around USD 50 million of remittance yearly, as disbursement of

inward foreign remittances is allowed on MFS plat forms, investors may earn revenue from this inflow. Apart from Japan, Bangladesh earned USD 18.2 billion remittance in FY2019-20. In FY 2019-20, around 80 million dollars remittance was distributed through MFSs.

- Can become the first Japanese financial institution to invest in Bangladesh.

Information and Communications Technology Sector: The Stairway to Digital Bangladesh

- The Information and Communications Technology (ICT) sector of Bangladesh is booming along with the government's plan of creating a Digital Bangladesh. Developing human resources, better connectivity, e-governance, and development of the ICT industry are the main integral parts for making Bangladesh digital.
- By realizing its importance for the economy, Bangladesh government has identified the ICT/Software as a high priority sector in the "Industrial Policy 2016".

At A Glance



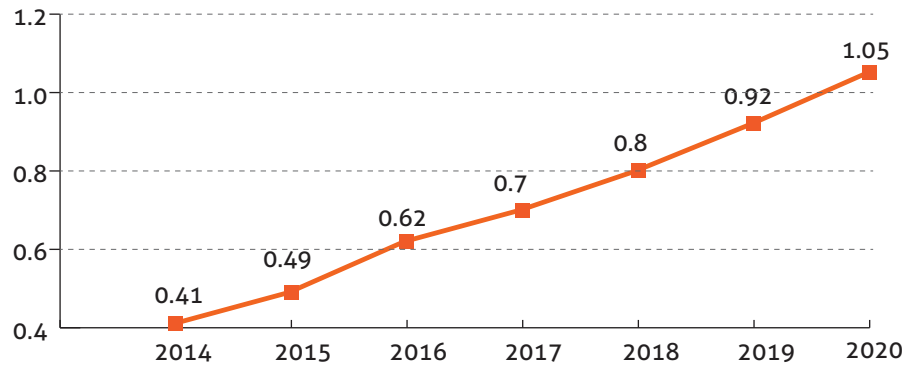
- Software and information services, business process outsourcing and call centers, and e-commerce are the major sub-sectors of Bangladesh's ICT sector. According to the Bangladesh Association of Software and Information Services (BASIS), there are 1,594 software and IT-related registered companies in Bangladesh with around one million professionals.

Government Policy Direction and Goals

To achieve the vision of Digital Bangladesh, government has taken several policy directions and set goals:

- The government of Bangladesh published the “e-Government Master Plan for Digital Bangladesh” with the specific strategic guideline for using ICT and achieving Digital Bangladesh.
- The government also published ICT policy in 2009 and further revised it in 2018.
- The government also set up 4,176 digital labs under a flagship project of “Sheikh Russel Digital Lab” at school, madrasa, and college levels across the country which aligned with Sustainable Development Goal (SDG) and for strengthening institutional capacity ensuring the quality of education by the highest use of ICT.

Estimated Export Volume of IT-ITES Industry (values in billion dollars)¹¹



Source: Bangladesh Computer Council (2019) and NVSL Calculation

- The government is developing 39 high-tech parks, software technology parks, IT training, and incubation across the country where the ICT companies can get infrastructure space for their operation.

Currently, more than 120 Bangladeshi companies export IT and IT-enabled services to 35 countries and has earned around \$ 1 billion (FY2019-20) which is 2.85% percent of total exports (goods and services). Major buyers of IT and IT-enabled services are mainly from United States (US), the United Kingdom, the European Union, the United Arab

Emirates, Saudi Arabia, South Africa, Malaysia, and Singapore.

Telecommunication is the highest contributor to the ICT sector. More than 50 percent of export earnings of the ICT sector come from telecommunication followed by computer service and information service. According to Oxford Internet Institute (OII), Bangladesh is the second-largest country (16%) in online freelancing. Only after India which is the home of 24% of global freelancers.

The majority of the freelancer in Bangladesh are specialized in customized software development (55%) IT-enabled service (17%), E-commerce web services (12%), Mobile application (5%), and others (11%).

During the FY2020, net FDI inflow in the ICT sector was \$312 million. Of which \$266 million was invested in telecommunication and \$46.4 million was invested in the Computer Software & IT sector. Norway and Malaysia have been the major investors whereas Japan has invested around \$2 Mn in FY2020.

The economy of Bangladesh is very fertile, upon that these investment opportunities made Bangladesh an ideal destination for investors especially for ICT-related companies.

**Japanese Investment in
ICT Sector of
Bangladesh (As of 2020)**
**USD 52 Million
(Approx.)**

Opportunity for Investors

The following incentives and investment opportunities are available for the investors:

Incentives	General	Bangladesh Hi-Tech Park Authority	Bangladesh Investment Development Authority	Bangladesh Economic Zones Authority
Tax Exemption	7 Years	10 Years (Investors) 12 Year (Park Developer)	Full for ICT/ software industry	Phased Corporate Income Tax exemption for 10 years
Access to Equity Entrepreneurship Fund	Yes	-	-	-
Cash Incentive for Exporters	10%	-	-	-
Import Duty Exemption	-	Capital equipment and construction materials	Capital machinery/ spares	-
VAT Exemption	-	During production level of goods	Capital machinery/ spares	Imported machinery/ construction material and utility expense
Income tax on dividend, share transfer, royalty, technical fees	-	Exempted	-	Exempted
Duties on Importing Transport	-	Exempted	-	Exempted
Bonded Warehouse Facility	-	Available	-	Available

The Success Stories of Start-Ups in Bangladesh

Invention and innovation are the keys to drives an economy to the next level. Venture capital investment spurs innovation and makes a significant impact on economic growth including the creation of employment. The government of Bangladesh wishes to create a venture capital ecosystem by founding and facilitating startups that will help the young entrepreneurs to reach the next level.

Due to the digitalization of the global economy and the 4th industrial revolution, the startup culture emerged in Bangladesh especially from 2010. Though the initial focus was on e-commerce, information technology



(IT), and digital marketing, with time many successful startups also emerged in transportation, logistics and Fintech, Edu-tech, and health-tech sectors. Currently, 2,500+ startups are operating in Bangladesh.

In 2016, Bangladesh government established the "Startup Bangladesh" platform to facilitate startups. The platform already provided around USD 2.0 million in finance to 125 startups.

The Success Stories of Start-Ups in Bangladesh



Chaldal, the largest online grocery service provider in Bangladesh was established in 2013, during the early age of the e-commerce business. Chaldal currently can maintain 9,000 orders per day. They have 14 different warehouses with a 30,000 sq feet mothership warehouse to ensure 1hr delivery across the capital. Along with 'Y Combinator' and "IFC (WB)" other capital ventures have invested more than USD 3 million in chaldal.

Founded In: 2013

Business Tenure: 8 Years

Yearly Revenue: \$11.8 Million

Foreign Investment: \$3 Million+

Services: online trading platform



SOL Share

SOL Share is a startup introduced in 2014 as a renewable energy-based peer-to-peer trading platform that has won Ashden awards for creating a new approach for affordable solar electricity for everyone. Around 3 million people in Bangladesh are depending on solar electricity. The Solar Home System provided by SOL share has successfully created a massive mini sun-based power system in Bangladesh..

Founded In: 2014

Business Tenure: 7 Years

Number of Users: 4,000 (36- grid)

Foreign Investment: \$1.5 Million

Services: Solar electricity provider



Shohoz

Shohoz is one of the highest valued start-up businesses in Bangladesh. Founded by a Harvard Alumni Maluha M Qadir in 2014, Shohoz has achieved huge popularity by providing online ticket selling service of public transport. In March 2018, Shohoz entered the ride-sharing market. In the same year, they raised USD15 million funding from investors including Golden Gate; Ventures of Singapore to expand services.

Founded In: 2014

Business Tenure: 7 Years

Foreign Investment: \$15 Million

Services: E-ticketing, Ride-sharing, Food Delivery, Logistic Support.



Pathao

Pathao, the pioneer of the ride-sharing business in Bangladesh was formed in 2015. The service has been delighting over five million users of Bangladesh. In September 2018, Pathao introduced itself as the first ride-sharing company from Bangladesh operating overseas – in Kathmandu, Nepal. The start-up has risen over \$12.8 million and the company valuation is over \$100 million.

Founded In: 2015

Business Tenure: 6 Years

Company valuation: \$100 Million

Foreign Investment: \$12.8 Million

Services: Ride-sharing, food delivery and parcel delivery.

sheba.xyz | Sheba XYZ

Sheba XYZ was established in 2016 with an initial investment of \$1 million. The current valuation of the company is more than \$10 million. It is a digital platform for providing household services. It has a franchise agreement signed with companies from Indonesia, Malaysia, and Myanmar. Sheba XYZ is getting responses from many corporates; in January 2020 ROBI Axiata Telecom Ltd. signed an agreement by which ROBI will allow Sheba to use their digital platform to reach customers.

Founded In: 2016

Business Tenure: 5 Years

Company valuation: \$10 Million

Additional Investment: \$0.8 Million

Services: 40+ service categories

ShopUp | ShopUp

ShopUp started its journey in 2016 which is now a leading B2B commerce platform in Bangladesh. Currently, they cater to more than 2,500 small businesses. In 2018, they have partnered with BRAC and in 2019, ShopUp was awarded 'The Best Startup of The Year 2019 Bangladesh' by Prime Minister Sheikh Hasina. Recently they raised a capital of \$22 million, co-led by US-based Sequoia Capital and Flourish Ventures. Down the line, ShopUp is a platform to build small entrepreneurs.

Founded In: 2016

Business Tenure: 5 Years

Company valuation: \$1 Million

Foreign Investment: \$0.8 Million

Services: Online Selling Platform, Reselling platform, e-loan and delivery service.

CMED | CMED Health

CMED health is a health-tech startup in Bangladesh providing IoT-enabled AI-driven cloud-based preventive healthcare service which delivers instant results without going to the doctor. The platform was established in 2016. For being an innovative platform, they won several awards including The HEAD Foundation Innovative Social Enterprise Award, Innovation Prize by TAG Heuer, and Bangladesh Innovation Award 2018

Founded In: 2016

Business Tenure: 5 Years

Number of users: \$3.3 Million

Services: Primary health monitoring, Workforce wellness program (WWP), Student health & wellness program (SHWP), initial health consultation,



Opportunity for Investors

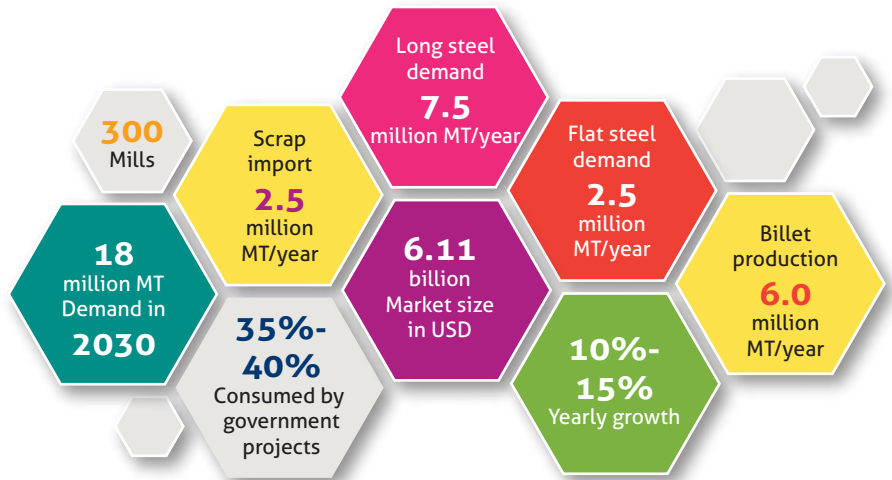
Bangladesh has been a very attractive location for investors for both local and foreign for a long time. The vision of being a “Digital Bangladesh by 2021” and becoming a “knowledge-based economy by 2041”, is opening the path for young entrepreneurs to come into motion. In Bangladesh, 47% of

Startups have sustained, among which 15% are growing and doing well which clearly indicates the potential of reinvestment. As already mentioned, the industry has already managed \$200 million of foreign investment and it is waiting for more investment.

Bangladesh Steel Industry: A sector driven by infrastructural advancement

The steel industry is one of the fast-growing sectors of Bangladesh consists of 300 mills under different steel manufacturing companies. By the grace of rapid urbanization and industrialization, this industry is growing at 10% to 15% per annum.

At A Glance



Scrap and Billet

Annual requirement of scrap is around 8 million tons among which 6 million tons are imported and the rest 25% are collected from ship breaking industry (majority), and other sources. Melting scrap is imported from Russia, India, Malaysia, Japan, Brazil and Singapore, the USA, Canada, and other European countries.

The import of billet has reduced sharply as Bangladesh has become self-sufficient (90%) in terms of billet production. During FY 2018-19, Bangladesh has imported 0.5 million billets which were 1.6 million MT five years before. Currently, 35 mills are in producing billet providing around 6 million MT of billet annually which is enough to produce 7.5 million MT of high-quality long steel products.

Long steel – (Rebar, Beam, Channel & Angel)

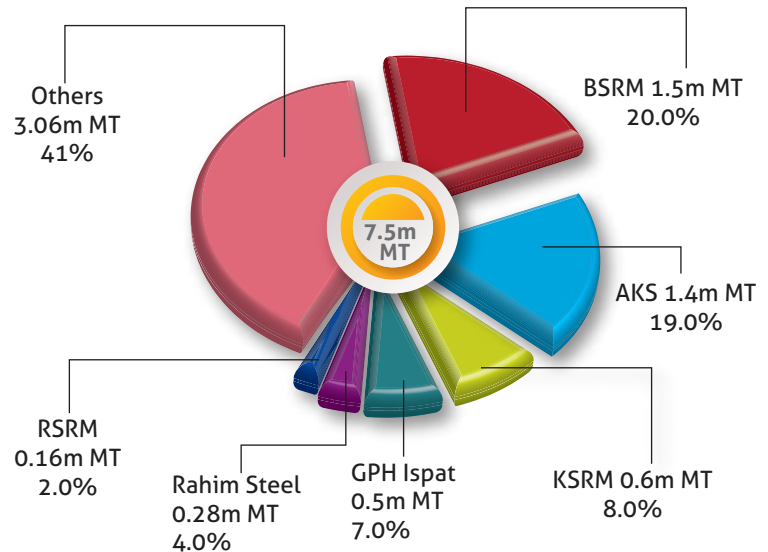
Industry's annual production capacity has risen to 9 million- within last 6 years. The annual actual steel production has also increased and become more than double to 8 million MT in 2020. Out of 40 steel manufacturing companies, Abul Khair steel, GPH, BSRM, and KSRM fulfil more than half of the annual demand.

The current market demand for long steel products is around 7.5 million MT. 35% to 40% of the total production is consumed by the government's infrastructure projects which were only 15% a decade ago. The annual demand is expected to be 18 million MT by 2030.

Rebar mostly occupies the long steel market in Bangladesh where around 40% market share is occupied by BSRM and AKS steel.

On the other hand, the annual demand for angel, channel, and beams are around 0.2 million MT - BSRM, Rahim steel, Vikrompur Steel, and SAS manufactures around 0.14 million MT and rests 0.06 million MT is imported (especially from China and India).

Yearly actual production of major players and their market share- Rebar¹⁴

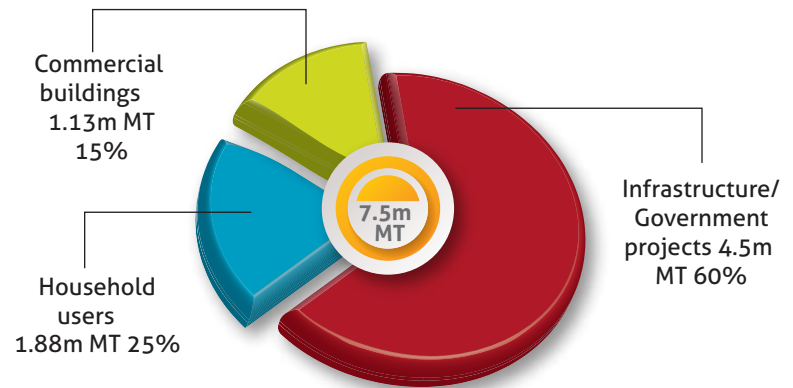


Flat Steel (cold rolling and galvanized steel sheet products)

The demand for flat steel is around 2.5 million tons where around 2.1 million tons are imported, and the remaining is locally produced from shipbreaking scraps – local capacity includes 1 million MT of cold-rolled sheet and 0.4 million MT of color coated sheet. Abul Khair Steel, PHP steels, KDS Group, Appollo Ispat, S. Alam group, etc. are some of the key flat steel manufacturers in Bangladesh.

Bangladesh has become a major importer of bulk steel coil/HRC as raw material for manufacturing cold rolling

End users of rebar¹⁵



and galvanizing flat steel products where Japan is in a dominant position. In 2019, Japan holds a 51% share of the total import of steel coil to Bangladesh - 514,767 MT; followed by Taiwan (29%). Besides, India, Malaysia, Indonesia, China, and Korea also export steel coil to Bangladesh.

Bangladesh Government Policy Direction

- The government of Bangladesh has no specific policy paper for the steel industry.
- GoB allows foreign companies to enjoy duty-free import facility of finished steel product to establish factories in the economic zones, power plants, and LNG units.
- Besides, GoB welcomes FDI and offers the most flexible incentives for investors like TAX, VAT and Duty exemptions, loan facilities for foreign companies from local banks, etc.

Japanese investment opportunity

- The government of Bangladesh is preparing a Special Economic Zone (SEZ) only for Japanese investors in Bangladesh near Dhaka. The 1,000 acres Japanese Economic Zone (Araihajar EZ) is expected to be ready for investors from 2021-2022.
- Besides in Mirsarai, Chittagong another economic zone is being prepared for Japanese investment. Which have a competitive advantage for being in the coastal area and available sea route. Japan's Nippon Steel and Bangladesh's Mcdonald Steel have already signed for a Tk 500 crore JV Company at Mirsarai.
- The prefabricated steel market is another potential market in Bangladesh for foreign companies. The demand is estimated to be around 1 million MT whereas local manufacturers can provide only 0.4 to 0.5 million tons – the rest are imported from India, Australia, Japan, Korea, and Taiwan. Hence, Japan can have a competitive advantage in the prefabricated steel market by establishing manufacturing plants in the economic zones.

Future Prospect

- Bangladesh, a land of 164 million people, is a booming South Asian country that has been experiencing massive economic growth for over a decade. Several mega projects – Dhaka Elevated Expressway (\$1.65 billion), Dhaka Metro Rail Project is also known as MRT 6 (\$2.6 billion), Padma Bridge (\$3.5 billion), Rooppur Nuclear Power Plant (\$12.65 billion), and many more – are currently getting constructed. A sign that the country is indeed becoming an emerging nation in Asia.
- The demand for the steel industry is growing year by year due to implementing the government's plan of infrastructures (i.e., 100 Economic zones, bridges, roads, and industries) and from the industrial and individual level demand, especially from the real estate sector.
- Against the future projected demand of 18 million MT (long steel) by 2030, Bangladesh has a capacity of 9 million MT in 2021. To fulfil the future demand capacity, enhancement is very important and the government is working on that. To grab the future market, it is the right time for investors to invest in Bangladesh steel sector.

Pharmaceutical: The Billion-Dollar Industry of Bangladesh

Pharmaceutical industry is one of the several sectors in our country for which Bangladesh can be proud of. The development of the pharmaceutical industry accelerated, especially with the introduction of the drug Control Ordinance-1982.

According to the Bangladesh Association of Pharmaceutical Industries (BAPI) and Directorate General of Drug Administration (DGDA), approximately 200 licensed pharmaceutical manufacturers produce various categories of medicines. These companies are fulfilling 98% of the country's total medicine demand while exporting their products to more than 120 countries across the world.

Around 80% of the drugs produced by these pharmaceutical companies are predominantly generic drugs and 20% of them are patented drugs.

The domestic market size of pharmaceutical products has increased significantly from just USD 1.8 billion in 2016 to around USD 3.0 billion in 2020 with a compound annual growth rate (CAGR) of 10.76%.

At A Glance



3.0 billion
Domestic market



136 million
Export market

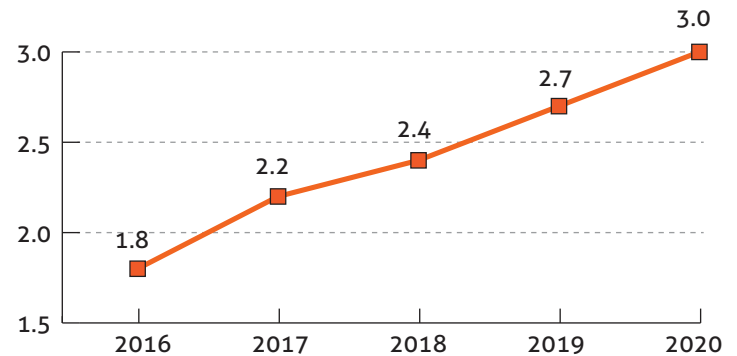


1.87%
Contribution
to GDP



10.8%
CAGR
2016-2020

Domestic Market Size - in billion USD^{16(a,b)}

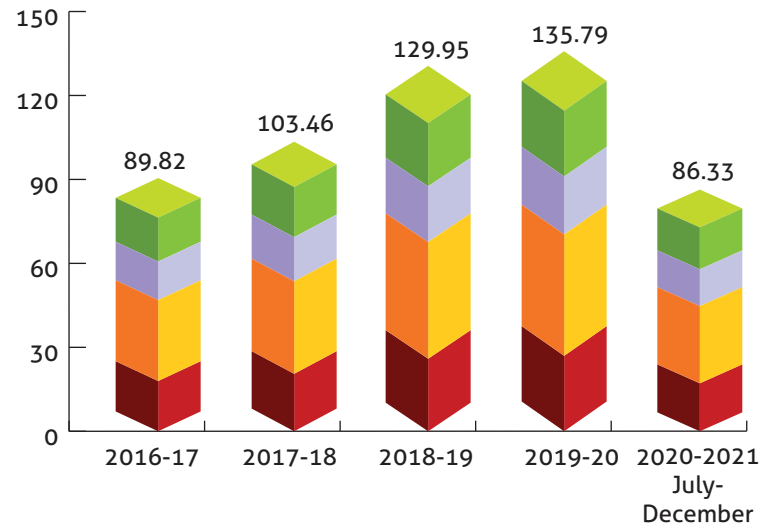


Square Pharmaceuticals Ltd – a flagship concern of Square Group – is the leading manufacturers with a market share of 17.3% and has been exporting antibiotics and other pharmaceutical products to 42 countries since 1987. Incepta pharma (11.5%), Beximco (9.1%), Renata (6.27%), and Opsonin (4.75%) are among the top manufacturers of Bangladesh.

his industry has achieved much since the late 1980s, as it not only met the demand of local consumers but also exported pharmaceutical products to 118 other countries in the fiscal year 2019-20. During FY 2019-20, our manufacturers have exported pharmaceutical products worth USD 135.79 million which was USD 129.95 million in 2018-19.

In the current fiscal year (2020-21), they have already exported \$86.33 million worth of products in just six months, which is 63% compared to the previous year's. The major export destinations are Sri Lanka (15.6%), Myanmar (14.49%), USA (11.19%), Philippines (9.82%), Kenya (6.13%), and Other (43.31%).

Export of Pharmaceutical Products - in billion USD¹⁷



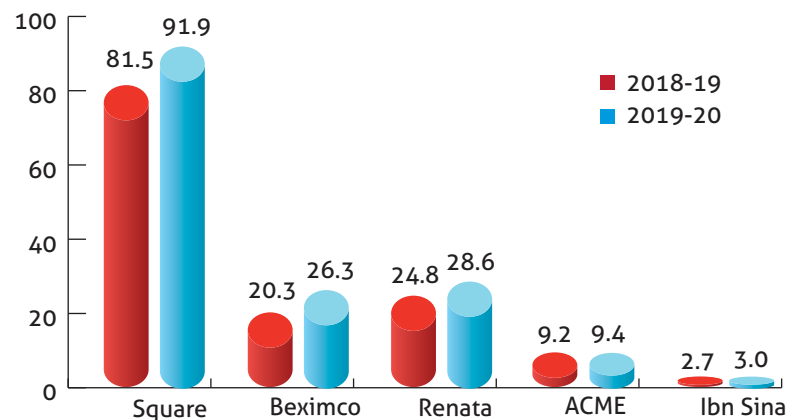
Profit Scenario

After observing the financial status of some major pharmaceutical companies, we found that most of the companies have achieved growth in the last two fiscal years. Compared the 1st half yearly performance from FY2019-20 and FY2020-21 we found that most of the company's profit has increased by a significant amount.

Import of Active Pharmaceutical Ingredient (API)

Bangladesh requires around \$1.3 billion worth of raw materials for pharmaceutical production every year, of which 90% is imported from foreign countries. China and India are the main sourcing hub of raw material for Bangladesh.

Profit scenario of major companies - in million USD¹⁸



Foreign Investment in the Sector

As of September 2020, Bangladesh received a total \$290 million investment in the chemicals and pharmaceuticals sector from different countries. United Kingdom (44%) is the largest

contributor in this sector. Japan has also invested around \$18.3 million in this sector. In 2020 Bangladesh received a \$16.08 million investment.

Government Policy toward FCMG

- To ensure people can have easy access to safe, effective, and good quality drugs at affordable prices, the Bangladesh government published the National Drug Policy-2005 and revised it in 2016.
- To ensure healthy lives and promote well-being for all at all ages by 2030 (SDG).
- To reduce this import dependency on raw materials, the Bangladesh government is constructing an Active Pharmaceutical Ingredients (API) industrial park at Gazaria in Munshiganj. This park will initially reduce raw material import costs by 70%. The government has taken this initiative to meet 100 percent demand for the country's medicines and facilitate medicine export to numerous countries.

Opportunity for Japanese companies

- Access to billion-dollar and 164 million-plus consumer market.
- API exporter will enjoy a 20 percent cash incentive
- Exporters of finished products will enjoy 10% cash incentives.
- There is no limit on equity participation and repatriation of profits and income for foreign investors.
- Tax holidays and accelerated depreciation is also allowed.
- Those who will export at least 80% of goods or services would qualify for duty-free import of machinery and spare parts and also for a bonded warehouse facility.
- Duty and quota-free access to the EU, Japan, Canada, Australia, and most other developed countries.



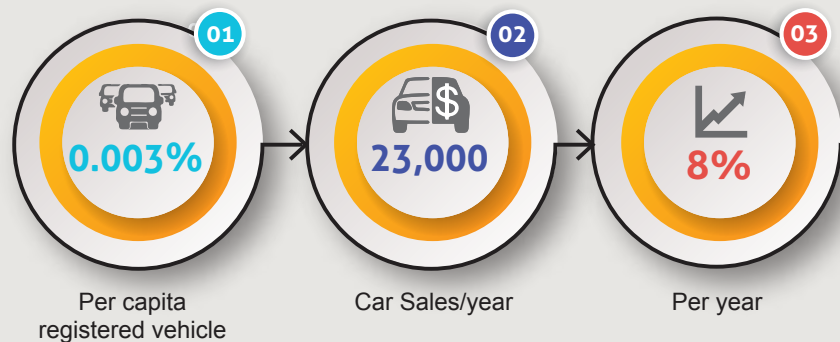
The economy of Bangladesh has been growing at a healthy rate (7-8%), however, due to the pandemic, the growth rate fell for the last fiscal but World Bank, IMF and ADB are expecting a quick recovery of the economy of Bangladesh. The economic stability of Bangladesh is also very encouraging for investors. Along with that, the

development of a transportation facility, establishing economic zones, industrial parks and favourable investment incentives are transforming Bangladesh into a major economic and investment hub in the world, especially in the Asian sub-continent.

Automobile Industry of Bangladesh: the possibility of domestic production is on the horizon

Bangladesh, once known as one of the poorest nations of the world, has made remarkable progress over the last few decades. With constant GDP growth – thanks to a massive contribution from exports and remittance – the country has seen a phenomenal rise of middle-class and affluent consumers.

These particular demographic now need goods which are once categorised as luxury items. Passenger vehicles are one of such products and demand for private car and motorcycle have risen exponentially in recent years. Since 2012, this thriving automobile sector has grown 8



percent on average each year. The rise of ride-sharing platforms has also contributed immensely to the increasing sales of passenger cars and motorbikes.

Among the registered vehicles in BRTA (Bangladesh Road Transport Authority), 68% are motorbikes, followed by private cars 8%, auto-rickshaw 6% (three-wheeler), microbus 2%, jeep 1% and other types of vehicles are 15%.

Two-wheeler Market

In 2019, 400,000 units of motorbikes were registered which is almost double than that of 2015. However, the figure (240,000 units) dropped dramatically during COVID 19 pandemic in 2020. Fortunately, the market recovered in the latter part of 2020.

Currently, the demand for motorbike is around 500,000 units equivalent to the number of the annual production of motorbikes in Bangladesh. Demand for motorbike might exceed 1.5 million units by 2025.

Japanese brand Honda (produced locally), Suzuki, and Yamaha are also very popular in Bangladesh. Among the local brands, Runner and Walton has been manufacturing motorbike for a decade but haven't been able to capture significant market share.

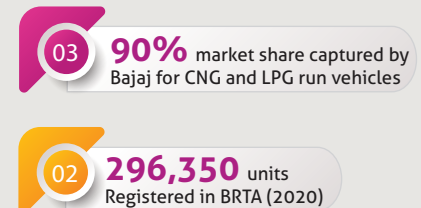
Popular Japanese brand Honda has expanded its business in the motorbike market by inaugurating a manufacturing plant in 2018 and Yamaha Motorcycle's CKD assembly factory was established by ACI Motors – a concern of a giant business group of Bangladesh – in 2019



Three-wheeler Market

The three-wheeler market of Bangladesh has started the journey in the late 1970s. The market grew significantly for the popularity and affordability of Compressed Natural Gas (CNG) - an alternative to gasoline or diesel. Annual production of CNG auto-rickshaw was 40,000 in 2017, however, the number fell to 25,000 - 30,000 units in 2020 for the COVID-19 pandemic. Diesel, gasoline, and LPG supported three-wheelers are also in the market besides CNG run auto-rickshaws. Recently, the market is concentrating on Liquefied Petroleum Gas (LPG) for more convenience and cleanliness.

Indian automaker Bajaj is dominating the three-wheeler market of Bangladesh. Besides, Indian TVS and Italian Piaggio are other major players in the market. Runner Automobile and Uttara Motors of Bangladesh import CNG, Diesel, gasoline, and LPG supported three-wheelers from Bajaj – Uttara motors imports two-third of the CNG run three-wheelers. In 2020, Runner and Bajaj signed an agreement to set up a manufacturing plant in Bangladesh costing around \$35.71 million for producing both motorbikes and auto-rickshaws.



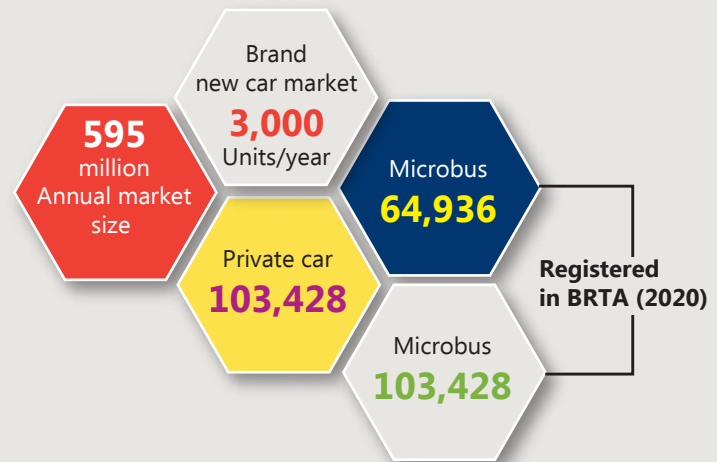
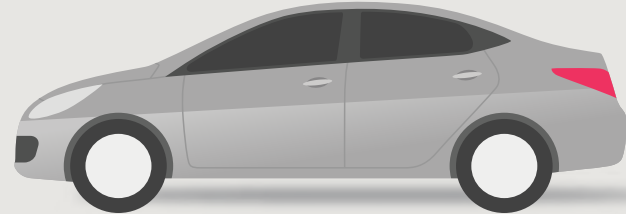
Four-wheeler Market: passenger car

The four-wheeler market of Bangladesh is import-based. Japan, India, South Korea, China, Germany, France, Malaysia, UK, and the USA are the four-wheeler exporters of Bangladesh - Japan is dominating the market.

In Bangladesh, around 50% of the four-wheelers are reconditioned ones (95% of which are imported from Japan), 45% used cars, and the rest 5% are brand new. At present, Toyota has a market share of 80%-followed by Honda (7%), Nissan (6%), and others (7%). Indian companies like Ashok Leyland and Tata are also performing well.

Currently, Pragati assembles cars designed by Mitsubishi Motor. PHP Motors manufactures Malaysian Proton's cars, and IFAD motor assembles Indian Ashok Leyland vehicles. Indian Tata Motors and Mahindra & Mahindra are also interested in a similar partnership.

Though the private car market is rising, the consumption figure is far below the demand, due to unfavourable government policy over imported cars – the price of the car is excessively high. Industry insiders emphasize



establishing manufacturing units in Bangladesh to reduce the cost of four-wheelers. Therefore, the price will drop down and annual sales expected to exceed 100,000 units.

Bangladesh Government Policy Direction

- Access to rapidly growing market of automobiles.
- World-class infrastructure facilities in the economic zones.
- Bangladeshi market is dominated by Japanese cars, which is a great opportunity for both Japanese car manufacturers and auto parts makers.
- Hybrid cars (Electric+Gasoline) are getting popular in Bangladesh. In addition to that Bangladesh Auto Industries Limited (BAIL) is going to produce electric cars in Bangladesh. Therefore, Japan has an excellent business opportunity in this aspect as they have already advanced in electric vehicle production.
- Local manufacturing with the prospect of exports of automobiles will unveil a new window for the economy of Bangladesh. For instance, Bangladesh (i.e. investors) can benefit from exporting automobile products to India and China as they have duty-free access to Bangladeshi products.

Japanese Investment opportunities

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As the affluent/middle-class population is increasing in Bangladesh, people are preferring personal, comfortable and safe transportation. For which the Bangladeshi automobile market is going to increase by a significant number in near future.

Also, the upcoming Automobile Industry Development Policy, 2020 will create an investment-friendly environment for foreign investors. In the upcoming years, the market will be very interesting and will become one of the major contributors to the economy.



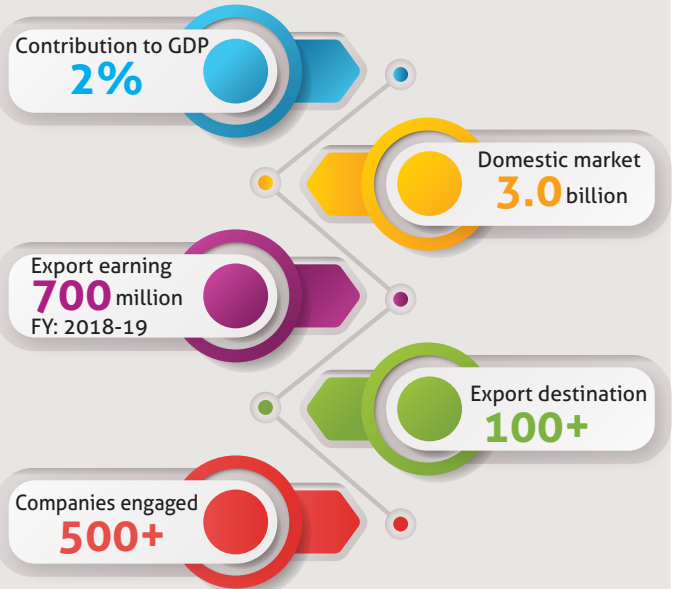
Agro-food processing industry: A \$3 billion worth market

The agro-food processing industry has become a key contributor to the Bangladesh economy in recent years. Manufacturing sector which accounts for 20% of the country's GDP is complemented by 8% contribution from the food processing industry.

Despite maintaining sustained growth throughout the last decade, this industry's share of GDP remains less than 2%. Export earnings from this sector, on the other hand, has increased substantially during the same time fetching around \$700 million during 2018-19 fiscal year. Although export receipts fell sharply in the following year as the last quarter of the FY2019-20 was hampered by the COVID-19 pandemic.

Different types of spices, fruit juice, biscuits, processed nuts, potato chips, and pickles are exported to more than a hundred countries across the world. Bangladeshi immigrants living in the USA, Canada, UK, Japan, Australia and countries of EU and middle-east have been the primary consumer of these products.

Bangladesh local market – a country with more than 164 million consumers – is also growing rapidly as people are increasingly preferring ready to cook and ready to eat food items. A sharp increase of purchasing power and rapid urbanisation, especially with the rise of the couple only households, has also contributed immensely for the growth of the food processing industry.



Despite having more than 500 companies – mostly small and medium firms – engaged in agro-food processing, the industry is dominated by a limited number of large conglomerates as such this sector can be described as oligopolistic in nature.

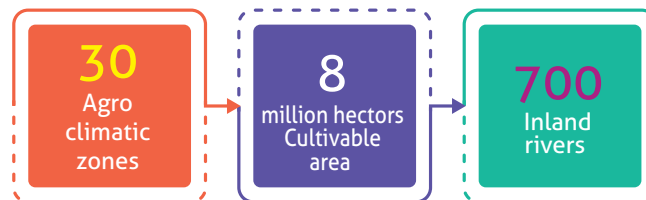
Pran-RFL, ACI FOODs, AKiJ Food and Beverage, Kazi Farms and Golden Harvest are the major players who offer a range of products including spices, cereals, snacks, confectionary and frozen foods which are also becoming popular in Bangladesh. Pran Foods dominates the market producing around 200 hundred agro-food products in 10 food categories while exporting its products to 110 countries around the world.

Key advantages

The agro-food processing industry is identified as one of the thrust sectors of Bangladesh. The government realize that a strong and dynamic food processing sector would be absolutely essential to ensure proper value addition to agricultural products and food security – the favourable incentive and supports are also expected.

The key advantage for this sector is the availability of raw materials and a diverse agro climate – 30 agro climatic zones – with 8.045 million hectares of cultivable area. Bangladesh also has extensive irrigation network, inland waterways, approximately 700 rivers across the country, and road network up to the very remotest corner of the village area.

Major players



Barriers of the Agro-food processing sector

Despite having tremendous prospects to earn from exports and catering massive domestic market, the industry is yet to reach its full potential. Several constraints such as lack of knowledge of productivity tools and skilled manpower in conjunction with a shortage of technical expertise have been the major barriers to flourish.

In addition to that, a shortage of testing facilities for quality control, innovative technology, cold chain and storage facilities are well known.

Effective management of waste generated during processing and access to information concerning marketing are also considered major barriers for the sustainable growth of this promising sector.

A well-designed approach and strategic intervention from the government, private sector and foreign partners to overcome such challenges would be fundamental if Bangladeshi agro-food processing industries want to remain competitive in the global market.

Barriers of the Agro-food processing sector

To promote this sector the Ministry of Industries of Bangladesh has already drawn a draft "Agro-food Processing Industry Promotion Policy 2020". The specific goals of this policy are followed as:

- Attract new investments worth 5 billion US dollar in the sector by 2025;
- Create 100,000 additional employment opportunities in the sector by 2025;
- Enhance Agro-food sector's contribution in GDP from existing 2% to 4% by 2025 through better utilization and value addition of agricultural produce;
- Undertake and accomplish capacity building projects minimum 8 by BSCIC



and BSFIC (at least one in each Division) to enhance the competitiveness of the food processing industry in both domestic and international markets by 2025.

Fiscal Incentives

The proposed policy requires a minimum of 10% of the project cost to be borrowed from a bank or financial institution to be eligible for availing other major incentives which are outlined below:

- If permitted by the authority, the Non-Agriculture Land Assessment (NALA) tax will be exempted for five years for setting up a food processing unit.
- For a new food processing unit, the government will provide 50% of project cost, includes plant & machinery and technical civil works, up to USD 5.86 million in the form of soft loan
- To upgrade or modernize existing food processing units, 25% cost of new/upgraded equipment cost up to USD 5.86 million loans may be provided by the government

- 50% of the cost for setting up Primary Processing Centers (PPCs) and Primary Collection Centers (PCCs) will be provided by the government – up to USD 5.86 million as loan.
- Subsidy of 35% for setting up of cold chain for agriculture/horticulture/dairy /meat produce – maximum USD 5.86 million in the form of soft loan
- For food processing units and cold chain infrastructure, the government will offer interest subsidy of 5% per annum on the term loan taken for fixed capital investment, for a period of 5 years from the commencement of operations, with a maximum limit of USD 2.34 million
- 50% exemption of stamp duty and transfer duty on purchase or lease of land meant for industrial use to be paid by the industry. Additionally, 50% exemption of stamp duty for a lease of land/shed/buildings, mortgages and hypothecations.

Tax Incentives – VAT

- For micro & small enterprises, 100% of net VAT will be reimbursed for a period of 5 years from the date of commencement of commercial production
- For Medium industries, 75% of net VAT will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is less.
- For large Industry unit, 50% of net VAT will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.



Apart from the aforementioned incentives, the policy proposes further support for the development of Agro-food Manufacturing Industries in the BSCIC Industrial parks and SEZ's outside Dhaka and Chittagong city areas.

Linking with SDG

Food processing industry is driving Bangladesh towards achieving the food security and improved nutrition and promote sustainable agriculture (SDG:2-Zero Hunger). The sustainable food processing industry will help Bangladesh to double the agricultural productivity and incomes of small-scale food producers and others by 2030 (SDG:2, Target-2.3).



Along with SDG-2, this industry is also empowering small farmers, promoting gender equality, ending rural poverty, ensuring healthy lifestyles, tackling climate change, and other issues addressed within the set of 17 Sustainable Development Goals.

Japanese company involved in the food processing industry

There are several Japanese companies who are operating in Agro-food processing industry of Bangladesh. Among them a multi-billion-dollar food company Ajinomoto is doing very well in Bangladesh. Ajinomoto's seasoning has gained popularity in Bangladesh, currently they have distributors in 28 (out of 64) districts of Bangladesh.

Some of the Japanese companies involved in this sector are ABEC Bangla Co., Ltd, Chosi Chittagong Food Corporation, Fukuya Health Food Co., Ltd., Hirohama Bd Ltd., Ichiban Life Bangladesh Ltd., Japatech Corporation Ltd., JBEC Ltd., Miyoshi-Akafuji Enterprise Co., Ltd., Oota Oil & Food (Bd), Seven Seas Trader, Shuvo Food Processing Industries.

Japanese company involved in the food processing industry

- JICA-loan worth of \$100 million at 5% interest rate for "Food Value Chain Improvement Project" is currently available for Bangladeshi investors, where Japanese investors/companies' involvement will play a vital role.
- \$3 billion dollars (8-10% growth) domestic market; by investing in this industry Japanese investors get access to a multi-billion-dollars processed-agro food market of Bangladesh.
- Solution for Japan's food insecurity; Being one of the major food importers of the world, Bangladesh can be a good source for Japanese food growers and processors. After producing and processing at suitable

environment in Bangladesh, Japan can import food products at zero duty under DFQF scheme between Bangladesh and Japan.

- Can become a part of Bangladesh's \$700 million processed-food export market.
- 20 categories of Agro-processed products are eligible for cash incentives in Bangladesh.
- 950 million dollars fast growing e-commerce market is a good opportunity for agro-food processors in Bangladesh. Using a digital platform, selling agricultural process foods with minimum operational expenses could also be a great opportunity for investors.





Ongoing mega project will transform Bangladesh economy

Japanese Economic Zone (Araihazar Economic Zone)

Japan along with China and India showed their interest to build government to government Special economic zones (SEZs) in Bangladesh. In March 2019, Bangladesh government approved a project to establish a SEZ at Araihazar, Narayanganj which is only allocated for Japanese investors.

Japanese Economic Zone (JEZ) in Bangladesh is going create conducive business environment and attract Japanese investors to invest in Bangladesh. It is expected that primarily Agro-food, Light engineering, Chemical, Automobile assembly, Garments, and pharmaceutical, etc. industries will be setup.

Land	491 acres
Estimated total cost	305 million
JICA	251 million
Government of Bangladesh	54 million
Date of completion	June 2023
Project implementation	BEZA, Sumitomo Corporation



Geographical location of Araihazar Economic Zone

Progress

Among the three G2G SEZs, the Japanese economic zone has seen maximum development. In January 2020, Toa Corporation started land filling work which was disrupted due to the pandemic situation, later on, in August 2020 they resumed their work. By the end of 2021, they are expected to hand over some plots to the investors.



Area map of the Araihazar Economic Zone

Socio-Economic Benefit of JEZ

The JEZ is not only going to create conducive environment for investors but also going to create employment and earning opportunity for local inhabitants. It is expected that at least 100,000 to 200,000 people will get job opportunity in that area.

Bangladesh will get a chance to get around 2 billion dollars investment through 100-200 Japanese companies. Domestic industry will flourish with advance technology and modern production facility.

Padma Multipurpose Bridge

The “Padma Multipurpose Bridge Project” will lead Bangladesh to reach the next economic landscape by enabling connectivity over Padma river with a road-rail bridge - globally recognized as “Ganges”. It will be the largest bridge and first fixed river crossing traffic road in Bangladesh connecting Louhajong, Munshiganj to Shariatpur and Madaripur which will link the south-western part to the northern and eastern region of Bangladesh.



Full length of Padma bridge is now visible with the installation of 41th span



Red line indicates the main bridge over the Padma river

Main bridge length
6.15Km

Estimated cost
\$3.86
billion

Estimated cost
\$3.86
billion

Expected to be completed by
June 2022

Additional GDP growth
1.2%

South-western
21 districts
will be benefited

Funded by the government of
Bangladesh

Progress

The Padma Bridge Project is at the eve of completion as the last (41th) span was installed on 10th December 2020 making the 6.15 kilometers double-deck bridge visible in full length.

The COVID-19 pandemic had slowed down the progress in 2020 as one-third of the 1,200 foreign personnel involved with the project left Bangladesh amid nation-wide lockdown declared in March, 2020. However, the progression process has speed-up since then. Overall, 90% of the construction work has been accomplished [2] and the bridge is expected to be finished by late 2021 or early 2022.

Socio-economic importance of Padma Bridge

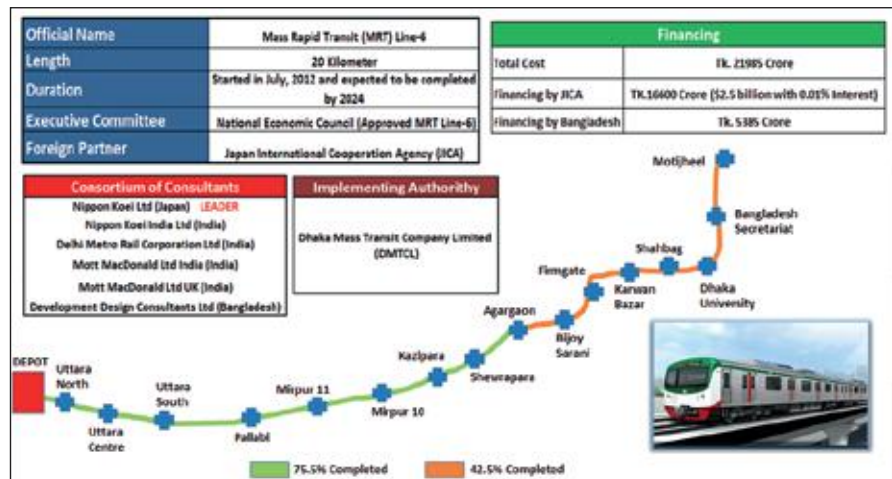
The Padma multipurpose bridge will help Bangladesh to reach the next level of economic landscape. It will enhance the commercial importance of the southwestern part of Bangladesh.

The southern part of Bangladesh would become the one of the major economic hubs after the establishment of Padma Bridge. It is predicted that the Bangladesh could have a remarkable increase in its GDP of 1.2%.

The importance of Mongla port would also increase dramatically for exports and imports while transportation cost will decrease significantly. It would increase the export of jute and frozen fish from Khulna region - the main exports from Khulna division.

Dhaka Elevated Metro Rail:MRT-6

Dhaka elevated Metro Rail project was undertaken by the Ministry of Road Transport and Bridges – supported by JICA – to reduce traffic congestion in Dhaka city. Also known as MRT-6, would be 20km long starting from Uttara to Motijheel consisting of 16 elevated sections. MRT-6 is getting constructed in an environment friendly manner for having noise barriers and vibration-free tracks.



Progress

The construction work of Dhaka metro rail was proceeding in a notable pace until the beginning of 2020. Unfortunately, the progress was hindered to some extent due to COVID-19 pandemic. Due to the outbreak, the government of Bangladesh has shortened the budgets under Ministry of Road Transport and Bridges which will be reflected on the Dhaka metro rail project. The budget allocation for the Dhaka Metro Rail Project for the fiscal year 2020-21 was Tk 4,370 crore - significantly lower than that of fiscal year's budget of Tk 7,212 crore.

Due to COVID-19 lockdown, labors, engineers and other officials were unavailable. Officials from many contractor companies of different countries left after March 2020. No progression of work was visible as only a few workers were seen idle in different spots. However, Dhaka Metro Rail has got pace after June 2020 when everything was gradually returning to normal.

According to Mr. M.A.N Siddique, the Managing Director of Dhaka Mass Transit Company Limited (DMTCL), overall 49.15% of the elevated metro rail has been accomplished till September 2020. The first phase of the construction from Uttara to Agargaon is accomplished by 75.50% whereas the figure is 42.50% for the second phase from Agargaon to Motijheel. Around 10.83 km viaduct is visible out of 11.73km from Uttara to Agargaon.

Mr. Siddique believes, if current progress sustains then rest of the remaining part of the project will be completed within December 2022.

Socio-Economic Benefit of MRT-6

Undeniably, Dhaka metro rail would bring pace in transportation in Dhaka. According to JICA, 14 trains would operate in every three minutes and carry 60 thousand passengers per hour in both directions by reaching all 16 stoppages. It would take only 35 minutes to travel from Motijheel to Uttara which now takes 2 hours during business hours.

For reducing traffic jam in Dhaka city, metro rail project would act like a gem. According to a World Bank Report (2017), 3.8 million daily working hours are lost for traffic jam in Dhaka. A staggering \$4.35 billion is lost per year due to traffic congestion which is equal to 6.5% of the national budget. Therefore, Dhaka elevated metro rail is such a project which will bring betterment in economic sector, transportation and the life style of the city dwellers of Dhaka.



Construction works of MRT-6 in Dhaka city

Rooppur Nuclear Power Plant

The Rooppur Nuclear Power Plant is the first nuclear power plant in Bangladesh situated in Rooppur under Ishwardi upazila of Pabna district, on the bank of Padma River. This project is the largest initiative taken by Bangladesh government with a capacity of 2,400 MW.

Once completed, the Rooppur Nuclear Power Plant will help accelerating the growth of the country's industrial sector while contributing immensely to the overall economic development of the country.

Total capacity	2,400 MW
Total area	254 acres
Estimated operating life	50 years
Estimated cost	\$13.2 billion
Date of completion	2023 or 2024
Implementing authority	Bangladesh Atomic Energy Commission (BAEC)

Progress

On 30th November 2019, Prime Minister Sheikh Hasina inaugurated the concrete casting of Unit-1 of the power plant. So far 20% of the manufacturing project has been done, according to Bangladesh Atomic Energy Commission (BAEC). The complex for the reactor of Rooppur Nuclear Power Plant, Unit-1 is constructed more than 20 meters out of 40 meters.

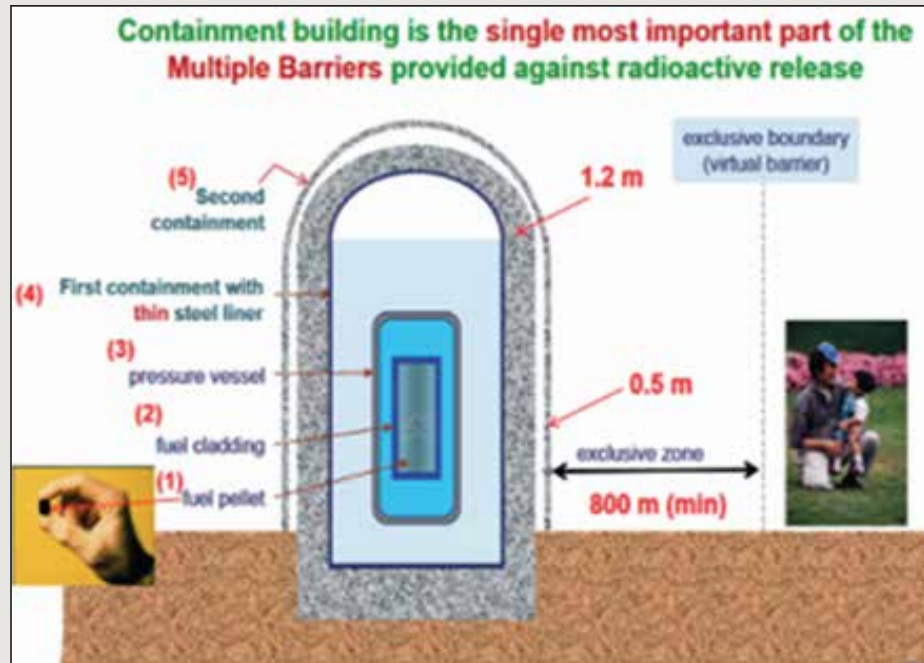
The first body part of hydro accumulator for passive core flooding system intended for Unit-2 of Rooppur Nuclear Power Plant (RNPP) is already being completed.

The Covid-19 did not affect much over Rooppur nuclear power plant project. Rosatom, one of the contractors of Rooppur nuclear power plant project mentioned that 178 Russian workers left Bangladesh for Covid-19 pandemic however the progress will not be affected because still 4,000 people are working there.

The construction of Unit-1 started in November 2017 and Unit -2 on July, 2018. According to World Nuclear Association, Unit-1 expected to be in commercial operation by 2023 or 2024 and Unit-2 by 2024 or 2025.

Importance of building Rooppur Nuclear Power Plant in Bangladesh

- For the instability of the fuel cost in international market government needs to think long-term cost efficiency for electricity production.
- Fuel consumption will reduce dramatically - the modern VVER-1200 reactor requires only 29 tons of Uranium fuel per year. During this period, coal plants of similar capacity consume 40 thousand railway cars of coal. Nuclear Power Plant can generate more than 2,000 KWh electricity using only one gram of Uranium.
- Gas power plant can be an alternative but still nuclear power plant is twice more efficient compared to power plant. A gas-fired unit, similar



VVER - 1200 reactor design

capacity to the VVER-1200 reactor consumes 1,300 million cubic meters of natural gas per year whereas VVER-1200 needs only 29 tons of Uranium fuel.

- Feasibility study shows that the cost of electricity will reduce to less than Tk 5 per unit despite huge investment of establishment.
- Radiation released in environment by Nuclear Power Plant for 2000 years is equal to radiation released by an X-ray machine to diagnosis a patient for 2000 years.

Payra Deep Sea Port

Payra Sea port, the 3rd sea port of Bangladesh is situated at Kalapara Upozela under Patuakhali district on the west bank of Rabnabad Channel. The main port would be 11 km in length and the whole project occupies 6,500 acres of land. It could play a significant role in the export-import industry of Bangladesh by reducing pressure over Chittagang and Mongla sea port.

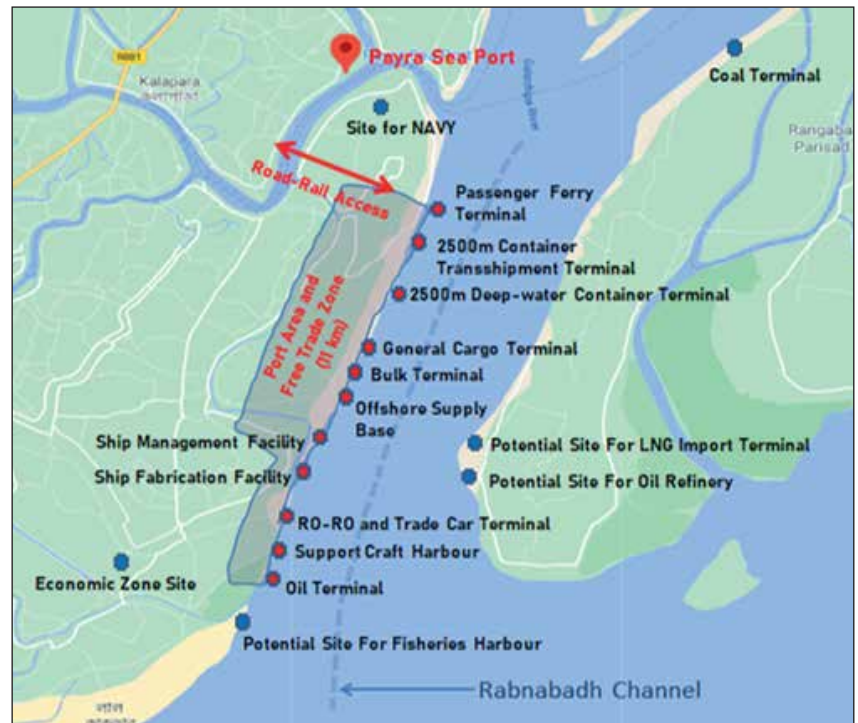
The port would be built on G-to-G and Foreign Direct Investment (FDI) basis. The port was first established by an act of parliament

Required land	7,000 acres
Estimated cost	\$468.4 million
Date of completion	2022
Implementing authority	Shipping ministry

in November 10th 2013 and officially inaugurated by Prime Minister Sheikh Hasina in 2016.

Current Status of Payra Sea Port

At present, the port is operating in a small scale. From 2013 to 2018, around 27 vessels arrived at the port. Most of the transported goods were stone chips, cement clinkers, dredging materials, and plant machineries [4]. MV Fortune Bird – a commercial vessel from China reached the outer anchorage of the port in 2016 – carried 53,300 tons of crushed black stones for the Padma Bridge Project.



Difficulties in cost estimation - completion time is getting longer

In November 2015, the executive committee of National Economic Council (NEC) approved TK 1,128 crore for the building of primary infrastructure [2]. However, the initial estimated cost has tripled (TK 3,982 crore) due to lack of feasibility study and wrong cost calculation. A new survey conducted by a consulting firm – after BUET – has found that the estimated cost has increased by Tk 847 crore for constructing the jetty and the proposed bridge [7].

Due to delay in cost calculation, loan agreements, land acquisition and bribery issues, the overall progress of construction is getting hampered. For instance, 1,200-metre multipurpose terminal costs Tk 5,219 crore is awaiting for approval. India will provide loan of Tk 4,946 crore from Indian credit and rest and Tk 273 crore will be provided by the government of Bangladesh.

According to the feasibility study by a British firm HR Wallingford, the estimated cost for Payra Sea Port project would be \$20 billion. The project was planned to be completed by 2021. However, based on the obstacles, it might take more time to be accomplished.

Difficulties in cost estimation - completion time is getting longer

The government has intention to build an Exclusive Economic Zone (EEZ) in the southern part of Bangladesh based on Payra sea port [2]. Different types of industries such as garments, pharmaceutical companies, oil refinery, cement factories, fish processing zone, fertilizer factories etc. will be established there.

Additionally, it would be helpful for Bangladesh to meet the demand of different sectors. For instance, Bangladesh can import more crude and finished oil to meet the growing energy demand. Besides, it could contribute hugely for strengthening the tourism sector centering to Kuakata beach and airport. Payra sea port will also play a significant role to accelerate export-import of Bangladesh.

For lower navigability, currently, Chittagonj Port Authority (CPA) cannot accommodate large vessels at Karnaphuli river. As a result, small vessels reach to the large vessels in a distance to unload them. Unlike Mongla and Chittagong port, Payra sea port will not be tide-dependent and it will have higher navigability with greater depth. Therefore, large vessels could be easily accommodated in the Payra sea port. Hence, unloading time will be faster and the cost of vessels movement will be reduced by one-third.



Chittagong-Cox's Bazar Railway Project

Chittagong-Cox's Bazar railway project includes 128 km single line dual-gauge passenger railway line [15]. Approximately, 102 km rail line will be constructed from Dohazari to Cox's Bazar via Ramu. From Ramu the line would be extended to Gundhum which is near to Myanmar border.

According to the report of Asian Development Bank (2019), nine new railway stations will be constructed at Dohazari, Satkania, Lohagara, Harbang, Chakaria, Dulahazra, Islamabad, Ramu and Cox's Bazar. An oyster shaped modern rail station will also be built in Cox's Bazar – home of the longest sea beach in the world. Besides, 4

Estimated cost	\$2.01 billion
Asian Development Bank	\$210 million
Asian Development Fund	\$90 million
Government of Bangladesh	\$512 million
Date of completion	June 2022
Implementing authority	Ministry of Railway

large bridges, 39 medium bridges and 145 culverts will be built under this project.

Progress

The COVID -19 pandemic has slowed down the progress because the contractors could not move construction instruments to different locations. Besides, difficulties of land acquisition process had also delayed the construction work [6]. According to Ministry of Railway, 38% of the railway link project has been completed until April 2020. However, the construction work accelerated gradually when lockdown was eased after June 2020.

In a statement, Mr Nurul Islam Sujan, the Railway Minister, said by September 2020, construction works of about 90% of the bridges and culverts c has been completed. So far 60% of the field work is accomplished and rest of the task is expected to be completed by March 2021. Overall 56% of the Chittagong - Cox's Bazar railway link project has been accomplished and the total project is expected to be completed by June 2022.

Socio-Economic Benefits

Bangladesh needs faster and safer connectivity among Dhaka, Chittagong and Cox's Bazar for socio-economic development. This connectivity can be achieved through Chittagong-Cox's Bazar rail project. Four hours travel time will be reduced from Chittagong to Cox's Bazar. On the other hand, the ministry of railway has completed feasibility study for the Dhaka-Chittagong bullet train service. If this initiative is undertaken, it will take only 1 hour to travel from Dhaka to Chittagong. Therefore, only 5 hours will be needed to travel from Dhaka to Cox's Bazar – currently it takes around 12 hours.

The Chittagong-Cox's Bazar railway service would carry 2.9 million passengers annually from 2024. Prime Minister Sheikh Hasina is planning to introduce a high-speed tourist train on the Dhaka-Cox's Bazar route based on the Chittagong-Cox's Bazar rail project. Therefore, more tourists will be able to visit the tourist spots circling to Cox's Bazar.



In addition, this project will increase connectivity of port city Chittagong with capital Dhaka and other parts of Bangladesh. According to the plan of Trans Asian Railway (TAR) Network, the project will be extended to Matarbari sea port area and Myanmar border. Hence, the process of export-import will be accelerated in the ports.

Padma Rail-Link project

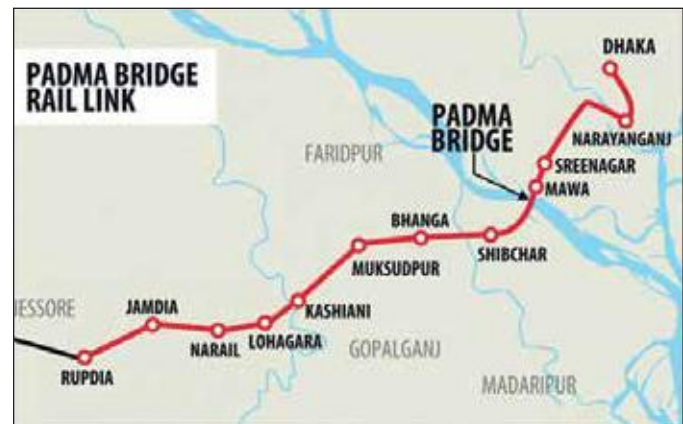
The Padma rail link project will fulfill the demand of fast-track connectivity from Dhaka to Jessore by constructing rail link between capital Dhaka and the south-west part of the country. On May 3 2016, the Executive committee of national economic council approved the project. On August 08, 2016, agreement with China Railway Group Limited and January 01, 2017 the loan agreement with Exim Bank of China was accomplished.

The Padma rail link project will introduce 172 km Broad Gauge railway connectivity to the south-west part of Bangladesh over the Padma multi-purpose bridge. The project will be divided into four sections;

- Section 1 - Dhaka - Gandaria (3 km)
- Section 2 - Gandaria – Mawa (37 km)
- Section 3 - Mawa - Banga Junction - Bhanga (42 km)
- Section 4 - Bhanga Junction - Jessore (87 km)

The section-3 is targeted to be completed with the Padma multipurpose bridge. Mawa (eastern part of the Padma bridge) will be connected with the network of Western zone of Bangladesh Railway through Bhanga-Faridpur – Pachuria - Rajbari section. Other three sections will enable Dhaka – Jessore connectivity via Padma bridge.

Estimated cost	\$4.61 billion
Loan from Exim Bank of China	\$2.47 billion
Government of Bangladesh	\$2.14 billion
Date of completion	2024
Implementing authority	Ministry of Railway



Route of Padma Rail-link project

The infrastructure of the project will cover;

- 23.377 km viaducts, 66 major bridges, 244 minor bridges/ culverts/ underpass, 1 road overpass at Mawa approach and 29 level crossing.
- 14 new station buildings and remodeling of 6 existing stations.
- Computer based relay interlocked signaling system and telecommunication system with 20 stations.
- Contribution of 100 Broad Gauge passenger coaches.

Socio-economic benefit of Padma rail link project

- The Padma rail link project will enable connectivity with Dhaka to central and south-western region of Bangladesh. This project will cover new areas like Munshiganj, Shariatpur, Madaripur and Narail Districts.
- The distance from Dhaka to Darsana and Benapole will be reduced by 168km and 318km respectively.
- An alternative shorter route of 212.05 km will be introduced with improved operational service.
- The route of Padma rail link project will be free from speed and load restriction
- from carrying containers. Therefore, national and international freight and Broad Gauge container train service would be able to operate frequently.
- It will be connected to the Trans-Asian Railway Network
- The prospect of constructing second line to Barisal and Payra Deep Sea Port will be alive by Padma rail link project.
- The country's GDP is expected to increase by 1% once the project is completed.

Shahjalal International Airport 3rd Terminal

Dhaka International Airport 3rd Terminal project was approved by the Executive Committee of the National Economic Council (ECNEC) on October 24, 2017. Prime Minister Sheikh Hasina inaugurated the construction work of the Dhaka airport expansion on December 28, 2019.

The entire floor area of the terminal building will cover 2.25 million square feet whereas the existing terminals cover 1 million square feet. Terminal-3 building is designed by Rohani Baharin, registered architect and Executive Vice President in charge of CPG Corporation (Private) Limited, Singapore over 2,30,000 square meters area.

Estimated cost	\$2.51 billion
JICA Funding	\$1.89 billion
Government of Bangladesh	\$618 million
Date of completion	June 2023
Implementing authority	Ministry of Civil Aviation and Tourism

A Glimpse of the 3rd Terminal

- 24 boarding bridges (12 will be built in the first phase)
- 115 exit-counters including 15 self-service checking counters
- 66 departure immigration counters including 10 automatic passport control counters
- 59 arrival immigration desks including 5 automatic check-in counters and 19 check-in arrival counters. 16 arrival baggage belts will be added as well [4]
- 35 aircraft parking bays
- 35,863 square-meters import cargo village
- 27,144 square-meters export cargo village
- Underground road and fly-over to connect Dhaka elevated express way and metro rail

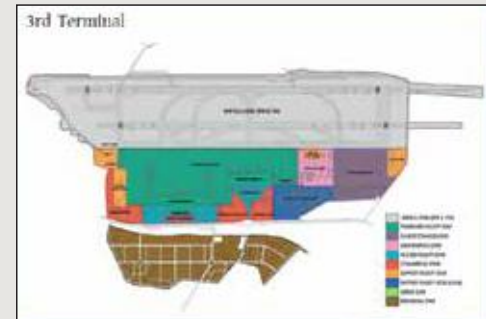


Diagram of Dhaka International Airport 3rd Terminal



Progress

According to Mr. Mahbub Ali, State Minister of Ministry of Civil Aviation and Tourism, after land acquisition, currently piling is going on and already 464 plies have been installed out of 3,000. He also added that the construction progress was not hampered for a single day for the COVID-19 pandemic.

Workers continued construction works maintaining health safety measures. The construction started in 2019 and so far 6.4% works has been accomplished until August, 2020. Mr. Mahbub hoped that construction work of Dhaka terminal 3 will be finished by June, 2023.

Importance of the 3rd terminal

The number of flight is increasing significantly in Bangladesh. Statistics of World Bank suggests that from 1996 to 2009, on an average 1.41 million passengers were carried through the Shahjalal International Airport, however, since 2010, the total number of passengers have increased sharply. The total number of airline passengers were 1.9 million in 2010 which has increased dramatically to 5.98 million in 2018.

In these circumstances, there is always a demand for constructing international standard airport terminal with modern facilities. Once completed, airport authority would be able to

serve 12 million passengers annually from the terminal. According to Mr. Mahibul Haque, senior secretary of the Ministry of Civil Aviation and Tourism, the 3rd terminal of Dhaka Airport would have export-import cargos with modern facilities. There would be less manual intervention of work because majority of the airport facilities would be automated. Fly over and under pass facilities would help to diminish traffic jam from the airport. Therefore, passengers would have better experience from the terminal 3.

Karnaphuli Tunnel Project

The Karnaphuli Tunnel Project is the first under-water tunnel in South Asia which is getting constructed under Karnaphuli river. This is the first overseas affair to use TBM (Tunnel Boring Machine) in a large diameter to construct underwater tunnel. This project features two-tube four-lane tunnel which will ease connectivity to port city Chittagong from the other side of Karnaphuli river [1]. Prime Minister Sheikh Hasina and Chinese President Xi Jinping inaugurated the project by laying foundation stone on October 14, 2016 [4].

Total length of the tunnel is around 9.09 kilometers with 3.5 kilometer tunnel under the Karnaphuli river. It includes 4.89 kilometer approach road alongside 750 meter bridge [2]

Estimated cost	\$1.22 billion
Tunnel length	3.32 Km
Loan from Exim Bank of China	\$695.6 million
Government of Bangladesh	\$573.6 million
Date of completion	2022
Implementing authority	Bangladesh Bridge Authority

Progress

Prime Minister, Sheikh Hasina inaugurated the excavation work of the 3.5 kilometer Karnaphuli tunnel on February 24, 2019. The COVID-19 pandemic slowed down the construction work initially, however, with the relaxation of the lockdown, the construction works accelerated rapidly. In August 2020, boring and ring installation of one tube (from Patenga to Anowara) out of two was completed which is a “breakthrough” after the COVID-19 affect. The contractors will carry on internal works inside to make the first tube operational.

Project director, Mr. Harunur Rashid Chowdhury expressed his satisfaction regarding the progress of the project [2].

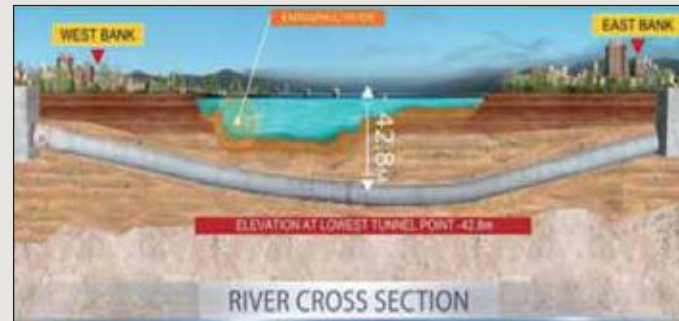


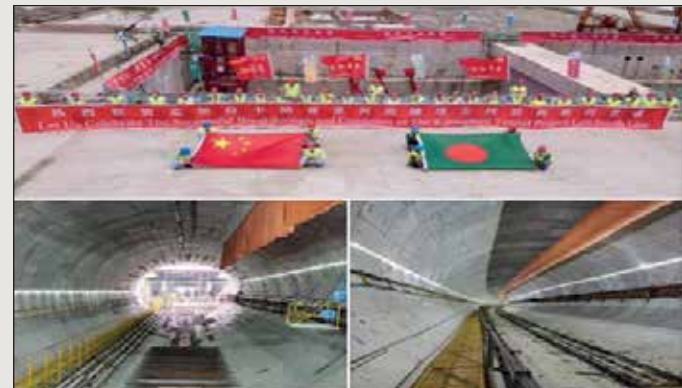
Diagram of Karnaphuli Tunnel

Road Transport and Bridges Minister Mr. Obaidul QUader mentioned, around 60% of the construction work has been accomplished. Boring work for the second tube started in the late 2020. Based on the current progress, the project is expected to be completed by December 2022.

Socio-Economic Benefits

Prime Minister Sheikh Hasina believes, Karnaphuli Tunnel will boost industrial development, trade expansion and tourism development near the project areas with a prospect of employment creation and export activity expansion.

The project was undertaken with the motive to turn Chittagong– “One City Two Towns” by increasing connectivity and development of the other part of the Karnafuli river. The tunnel will bring prospect of industrialization



Completion of boring and ring installation of one of the two tube

including the construction of Chinese Economic Zone and garments factories. Chinese Economic Zone will be developed over 781 acres of land in Anowara, on the south bank of Karnafuli river. Around 200,000 new jobs will be created and 15 foreign companies have already expressed interest to invest there.

The tunnel will ease communication between Chittagong and Cox's Bazar through motorway. As a consequence, tourists visit to Cox's Bazar and other tourist spots in the

region from Dhaka and other parts of Bangladesh will increase. There is a prospect that Karnaphuli tunnel might be connected with the proposed Asian Highway.

Therefore, the connectivity of Bangladesh with the neighboring countries will increase and it will contribute for the regional economic development. Experts opine that Karnaphuli tunnel should be completed as early as possible which will ease transportation and bring socio-economic benefit for Bangladesh.

Matarbari Coal Power Plant Project

Matarbari Coal Power Plant is located at Moheshkhali in the Cox's Bazar District of Bangladesh. The plant is getting built on 1,500 acres of land with two thermal units containing ultra-supercritical coal-fired technology – 600 megawatt each. Construction work of this mega project started in 2017 after the loan agreement was signed with JICA. This project was undertaken to meet the growing demand of electricity in Bangladesh – the country's electricity consumption could reach to 20,000 megawatt in 2021.

Matarbari Coal based power plant will play a vital role for electricity generation as an alternative source of gas based power plants [9]. According to Sumitomo Corporation, one of the main contractors of

Estimated cost	\$4.23 billion
Capacity	1,200MW
JICA fundinng	\$3.4 billion
Government of Bangladesh	\$579.5 million
Date of completion	2023
Implementing authority	Coal Power Generation Company Bangladesh Limited (CPGCBL)

Matarbari coal power plant project, this plant would be able to fulfill 10% of the electricity demand of Bangladesh.



Progress

Matarbari Coal Power Plant is located at Moheshkhali in the Cox's Bazar District of Bangladesh. The plant is getting built on 1,500 acres of land with two thermal units containing ultra-supercritical coal-fired technology – 600 megawatt each. Construction work of this mega project started in 2017 after the loan agreement was signed with JICA. This project was undertaken to meet the growing demand of

electricity in Bangladesh – the country's electricity consumption could reach to 20,000 megawatt in 2021.

Matarbari Coal based power plant will play a vital role for electricity generation as an alternative source of gas based power plants [9]. According to Sumitomo Corporation, one of the main contractors of Matarbari coal power plant project, this plant would be able to fulfill 10% of the electricity demand of Bangladesh.

Socio-environmental impact

There is a major impact of the coal-based power plant on the environment – most specifically air, water, noise and thermal pollution. Around 30,000 people will die for air pollution from Matarbari coal based power plant. Among the deaths: 4,100 would be for chronic obstructive pulmonary disease, 7,000 from ischaemic heart disease, 2,900 from respiratory infection, 1,300 from lung cancer, 6,400 from stroke and 2,400 from NO₂ related diseases.

On the other hand, 251 households are affected which



Construction work of Matarbari Power Plant

includes project 1289 affected people. Also, there would be a loss of trees and different species.

In these circumstances, there would be a massive environmental impact by Matarbari coal-based power plant. A report by CPGCBL indicates, several aspects are pointed out to minimize the environmental damages by Matarbari coal based power plant. - it includes air pollution control system, noise control, intent of water reuse, effluent waste-water treatment, thermal pollution control, waste management, water intake structure etc.

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Business Setup Roadmap

Bangladesh is one of the most promising emerging markets in the world and offers an excellent foreign investment climate compared to the other South Asian economies. Because of Continuously rapid economic growth and Strategic location on the border of South and Southeast Asia which is also close to other major market, China.

Foreign investor can invest in either 100% foreign or Joint-Venture (JV) Private Ltd.

Company in Bangladesh. Foreign Companies are also able open Branch or Liaison Office in Bangladesh. Foreign investors can get their required information from Investment Promotion Organizations, such as Japan External Trade Organization (JETRO), Japan International Cooperation Agency (JICA), Bangladesh Investment Development Authority (BIDA), Bangladesh Economic Zones Authority (BEZA), Bangladesh Export Processing Zones Authority (BEPZA) etc. Investment processing diagram:

First Step (search investment information)-

1. JETRO (<https://www.jetro.go.jp/bangladesh/>)
2. JICA (<https://www.jica.go.jp/bangladesh/english/index.html>)
3. BIDA (<http://bida.gov.bd/>)
4. BEZA (<https://www.beza.gov.bd/>)
5. BEPZA (<https://www.bepza.gov.bd/>)



Second Step (visiting Bangladesh/online meeting)-

1. Meeting with JETRO and verify information
2. Meeting with BIDA/ BEZA/ BEPZA
3. Meeting with Investment/Business Consulting Companies

Third Step (Research)-

1. Research/collect information through JETRO Small & Medium Enterprise (SME) Platform
2. Research/collect information through JICA SME Platform
3. Market Research/Due diligence of JV Partner Company



Fourth Step (investment decision)-

1. Establishment of Private Limited Company/Branch Office/Liaison Office
2. Infrastructure/mega Projects
3. Sales Agents



High Priority Sectors for Foreign Investment

According to the Industrial Policy of Bangladesh- 2016, foreign investment is highly encouraged for these following sectors:



Agriculture/food processing industry



ICT/ Software



Jute products



Readymade Garments



Medicine Industry



Light Engineering



Leather products

Controlled Sectors for Foreign Investment

There is no restriction in general on foreign investment except in sectors controlled by administrative licensing processes. The controlled sectors which require prior clearance/ permission from the respective line ministries/authorities and might require to form Joint Venture (JV) Company with local industries are:

- Deep sea fishing
- Private sector banks and financial institutions
- Private sector insurance companies
- Private sector generation, supply and distribution of power
- Exploration, extraction and supply of natural gas, oil and coal and other mineral resources
- Large-scale infrastructure projects (for example, flyovers, elevated expressways, monorail systems, economic zones, inland container depots or container freight stations)
- Crude oil refineries
- Medium and large industry using natural gas and other minerals as raw material
- Telecommunication services (mobile/cellular and land phone)
- Satellite channels
- Cargo/passenger aviation
- Sea-bound ship transport
- Sea-ports/deep sea-ports
- VOIP/IP telephony
- Industries using heavy minerals accumulated from the seashore.

Restricted sectors for foreign investment

According to the Industrial Policy of Bangladesh- 2016, Private sector/Foreign investment is prohibited for the following four certain sectors:



Arms and ammunition & Defense equipment



Nuclear energy



Forest plantation & Extraction of reserved forests



Currency printing & minting

**For detailed/more information on reserved and controlled Industries for 100% foreign investment, please read "JETRO Investment Handbook- 2020".*

Comparison of Subsidiary/Private Ltd. Company, Branch & Liaison/Representative Office in Bangladesh

Comparison Factors	Subsidiary/Private Ltd. Company	Branch Office	Liaison/ Representative Office
Company Name	Can be similar or different from the parent company	Must be the same as that of the parent company	Must be the same as that of the parent company
Valid Up to	Once registered will last forever until closed	After a maximum of 3 years validity it must be renewed every 2 years	After a maximum of 3 years validity it must be renewed every 2 years
Legal Status	A separate legal entity	An extension of the parent company, not a separate entity	A temporary setup of the parent company for administrative tasks.
Liability	Not liable to the parent company	It is liable to the parent company	It is liable to the parent company
Initial Investment	There has no limit but initial investment should be at least US\$ 50,000 to get work permit of a foreign Director	US\$ 50,000 or equivalent as estimated initial establishment cost and 6(six) months operational expenses	US\$ 50,000 or equivalent as estimated initial establishment cost and 6(six) months operational expenses

Comparison Factors	Subsidiary/Private Ltd. Company	Branch Office	Liaison/ Representative Office
Business Licenses	Certificate of incorporation, MOA/AOA, E-TIN certificate, Trade license and other licenses according to the type/business nature of the Company	Office Permission from BIDA, E-TIN certificate, Trade license, VAT certificate.	Office Permission from BIDA, E-TIN certificate, VAT certificate.
Bank Account	At first should open non-operative Bank Account, send share capital to that Account and Bank (operative) Account will active after submitting all business licenses.	Operative Bank Account can open after submitting all business licenses.	Operative Bank Account can open after submitting all business licenses.
Registration Timeline	2 to 3 months for getting common business licenses.	Around 2 months for getting all business licenses.	Around 2 months for getting all business licenses.
Staff Employment	Local & foreign employee ratio should be 5:1 for non-manufacturing & 20:1 for manufacturing company	Local & foreign employee ratio should be 5:1	Local & foreign employee ratio should be 5:1
Commercial Activities	Subsidiary company can engage in commercial activities	Branch office can engage in commercial activities with prior approval of	Liaison office can not engage in commercial activities
Activities Permitted	Can be similar or different from the activities of the parent company	Must be the same as that of the activities of the parent company	Can conduct administrative tasks, market research and feasibility studies
Local income	It has local source of income from the approved field of business activities in Bangladesh	It has local source of income from the approved field of business activities in Bangladesh	It has no local source of income from business activities in Bangladesh
Outward Remittance	Outward remittances from Bangladesh sources will be allowed	Outward remittances from Bangladesh sources will be allowed after getting approval from BIDA	No outward remittances of any kind from Bangladesh sources will be allowed except the amount brought in from abroad (the unspent part).
Corporate Tax	Need to file the accounts of the company	Need to file the accounts of the branch office	Not applicable
Audited Accounts	Must submit the audited accounts to National Board of Revenue (NBR)	Must submit the audited accounts to National Board of Revenue (NBR)	Required to submit the audited accounts to National Board of Revenue (NBR)



Starting a Company in Bangladesh

There are two options for foreign investors who are wishing to setup their presence in Bangladesh. One is Branch or Liaison Office and the other option is incorporating a Bangladeshi subsidiary company. Before setting up your new company, there are some questions that you must answer. Please take a moment to review the checklist below.

Setting up a company is fast and easy once these questions have been answered.

- What will the company name be?
- What type of legal entity to use?
- What is the purpose of the company?
- Who will own the company?
- Who will manage the company?

Steps for a Private Limited Company Registration in Bangladesh

Company registration procedure in Bangladesh is partially online based. There are six steps involved in the Bangladeshi company setup procedure as following;



Prepare Document



Bank Account Opening and Paid Up Capital Transfer



Name Clearance



Lease/Rent Agreement for Office in a commercial place



Register Company of RJSC



Applying Required Licenses (Trade License, TIN, VAT, BIDA Enrollment)

Required licenses for a Trading Company		Licenses for a Manufacturing Company	
1	Import Registration Certificate (IRC)	1	Fire License
2	Export Registration Certificate (ERC)	2	Environmental clearance certificate
3	Japan-Bangladesh Chamber of Commerce & Industry (JBCCI)/Dhaka Chamber of Commerce & Industry (DCCI) Membership/Concern Business Association.	3	Bonded warehouse License and other Licenses based on the nature of Business along with Factory land lease/buy from BEZA/BEPZA/outside of BEZA or BEPZA.

Opening a Liaison Office

Foreign companies may open their Liaison Offices in Bangladesh (subject to obtaining specific approval from BIDA) for undertaking liaison activities on their behalf. These Liaison Offices act as a communication channel between the foreign companies and the Bangladeshi customers. Such offices are normally established by foreign companies to promote their business interests in the country by spreading awareness of their services/products and exploring their opportunities for setting up a permanent presence.

Opening a Branch Office

A Branch Office is a setup as an extension of a foreign company in Bangladesh. Foreign companies may open branch offices to conduct business in Bangladesh. Unlike a Liaison Office, a Branch Office can perform broader scope of activities subject to prior approval of BIDA. A Branch Office can undertake the activities in Bangladesh which is within the scope of Memorandum and Articles of Association of the Principal Company.

Steps for a Branch/Liaison office establishment in Bangladesh

There are following steps involved in the office setup procedure-



Prepare Document



BIDA Permission



Bank Account Opening and Paid Up Capital Transfer



Report to Bangladesh Bank to get 18B Permission



Applying Required Licenses (Trade License, TIN, VAT)



Security Clearance

**For detailed/more information on establishment of Company/Branch/Liaison Office along with sample documents, please read "JETRO Investment Handbook- 2020".*

Foreign Investment Location in Bangladesh

Foreign investment is allowed in Export Processing Zones (EPZ), Economic Zones (EZ) and outside of EPZ & EZ. Investor can choose location either in EPZ, EZ or outside of EPZ & EZ.

Export Processing Zones

BEPZA is the official entity of the government to promote, attract and facilitate foreign investment in the EPZs and ensure social & environmental compliances as well safety & security of the investor. At present, there are eight EPZs in Bangladesh. There is also BEPZA One Stop Services (OSS) provided through automation to entertain queries of the entrepreneurs and help the investors to start business in Bangladesh.



Photo: EPZs locations in map

BEPZA OSS

Services Provided through BEPZA automation-

1.	Project Sanction & Allotment
2.	Visa Recommendation
3.	Work Permit
4.	Import Permit
5.	Export Permit
6.	Dyeing Certificate
7.	Sample Permit
8.	Sub-Contract Permit
9.	Wastage & Garbage Sale Permit
10.	Repair Permit
11.	Local Purchase Permit
12.	Loan Machine Permit

Outside of EPZ & EZ

BIDA is Bangladesh government regulatory authority for foreign investors located outside EPZs & EZs. Total 41 services are available on the OSS platform now. Services from all agencies/stakeholders will be gradually integrated onto the OSS platform to provide hassle-free and instant services under a single roof for the investors. Currently, BIDA is providing the following services through OSS-



Photo: BIDA OSS Stakeholders

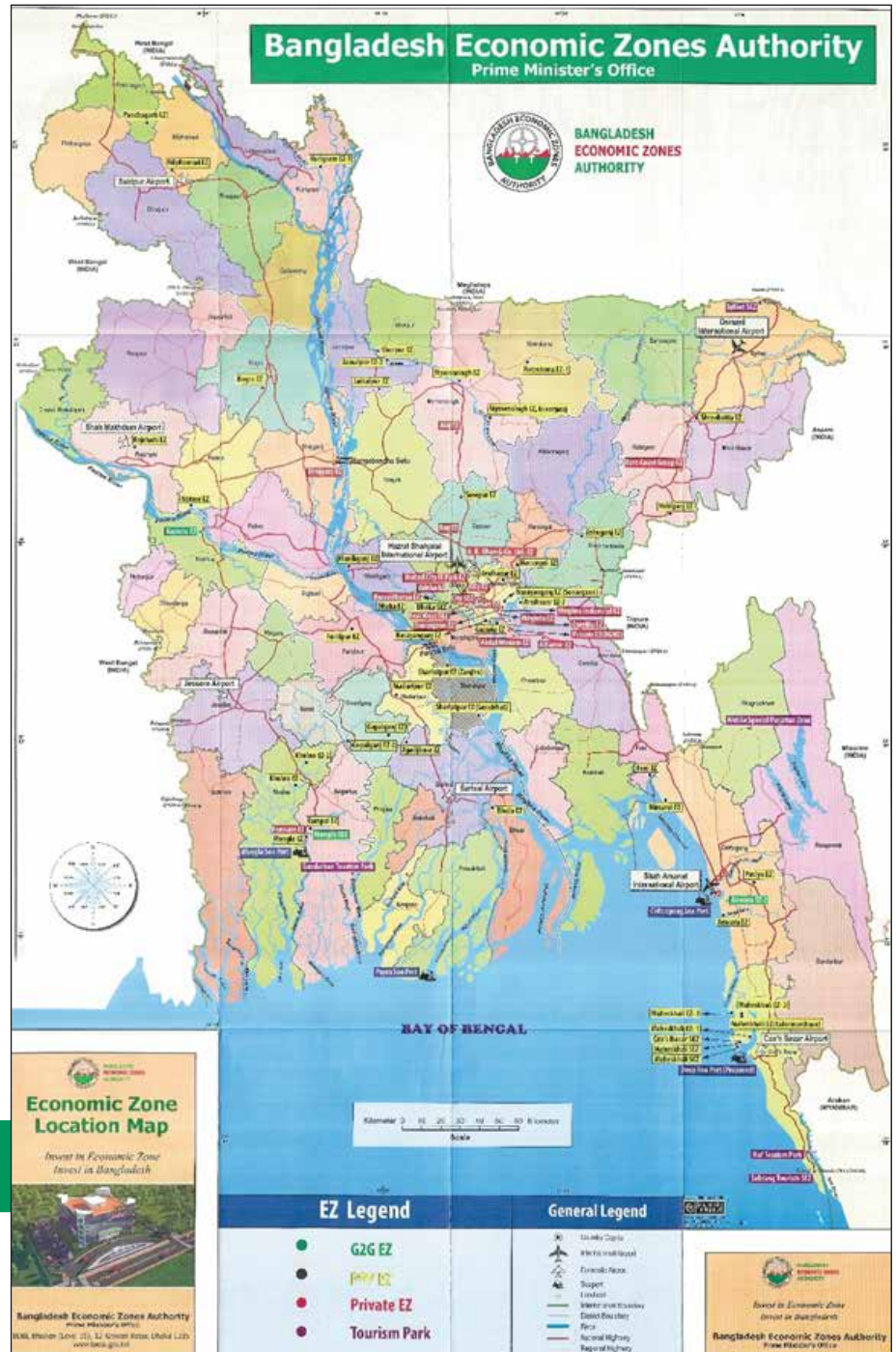
BIDA One Stop Services

Licensing Authority	List of services
Registrar of Joint Stock Companies	1. Name Clearance 2. Company Registration
National Board of Revenue	3. Tax Identification Number Registration
Bangladesh Investment Development Authority	4. BIDA Registration/Enrollment 5. VISA Recommendation 6. Work Permit of foreign expatriates 7. Office Permission (Branch/Liaison Office)
Bangladesh Power Development Board	8. New connection (electricity)
Chattogram Development Authority	9. Land use clearance
Department of Environment	10. Environmental clearance certificate

Economic Zones (EZ)

There are total 98 Government approved EZs all over Bangladesh including 69 Government owned EZs and 29 Private EZs. All economic zones are controlled and regulated by BEZA. Among them, there are five Government to Government (G2G) EZs— one Chinese Economic & Industrial Zone, Chittagong; one Japanese Economic Zone (Araihajar) and three Indian Economic Zones in Mirsarai, Mongla and Kushtia.

Photo: Location of Economic Zones



Japanese Economic Zone



Source: Bangladesh Economic Zones Authority

Features of the Japanese EZ-

1st Phase 491 acres and 2nd Phase another 500 acre, total around 1,000 acres of land for Japanese investors only in a place under Government to Government (G2G) partnership. Location: Arihajar, Narayanjanj (Around 40 km far from Dhaka city).

01

Sumitomo Corporation has formed a joint venture (Sumitomo 76% and BEZA 24%) to develop the EZ for establishing a special purpose company (SPC). This EZ will develop through Public Private Partnership policy.

01

JICA is also financing for the infrastructures, including access road, power plant and sub- station in the EZ.

01

Feasibility Study and Environmental Impact Assessment has completed. The land filling work will be completed in this year and expected that all development works will be completed in 2022.

01

Expected Industrial sectors for investment: agriculture-food, light engineering, chemical, automobile assembly, garments, pharmaceutical and others. Factory building/land rent is not yet published.

01



Land-use and Plot Plan Base Map

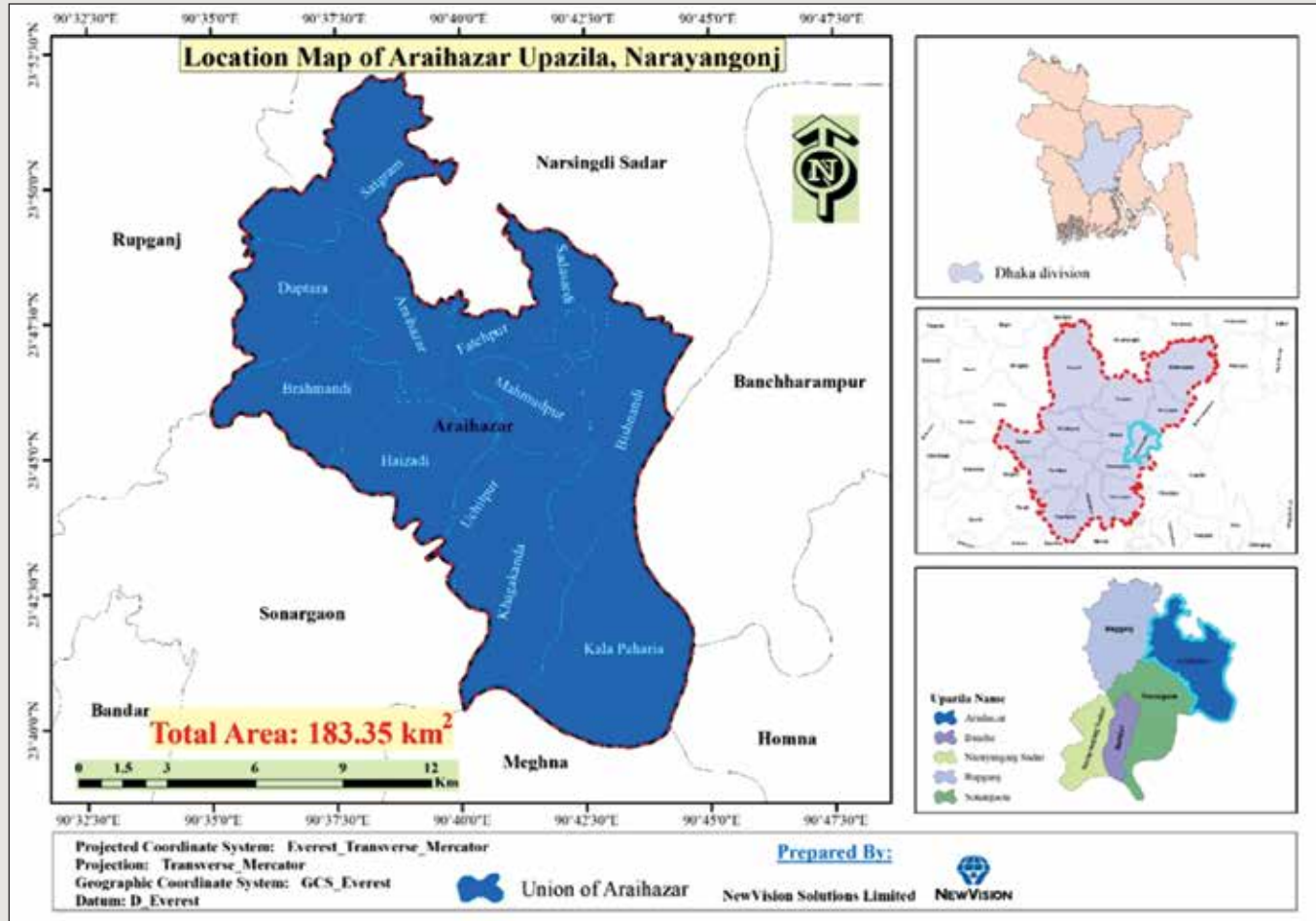
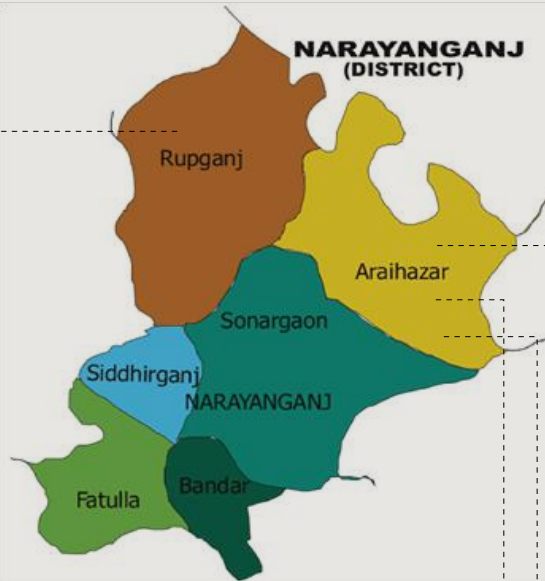


Photo: Narayanganj city map

Source: Edited by NewVision

Nearby Facilities of the EZ/ Map of Narayanganj city



Purbachal Residential Model Town is the biggest planned township in Bangladesh. The project area consists of about 6,227 acres land located Rupgonj thana of Narayanganj.

The Japanese EZ is located about 32 km (1 hour's drive) east of central Dhaka.

Distance from Hazrat Shahjalal International Airport is around 40 km.

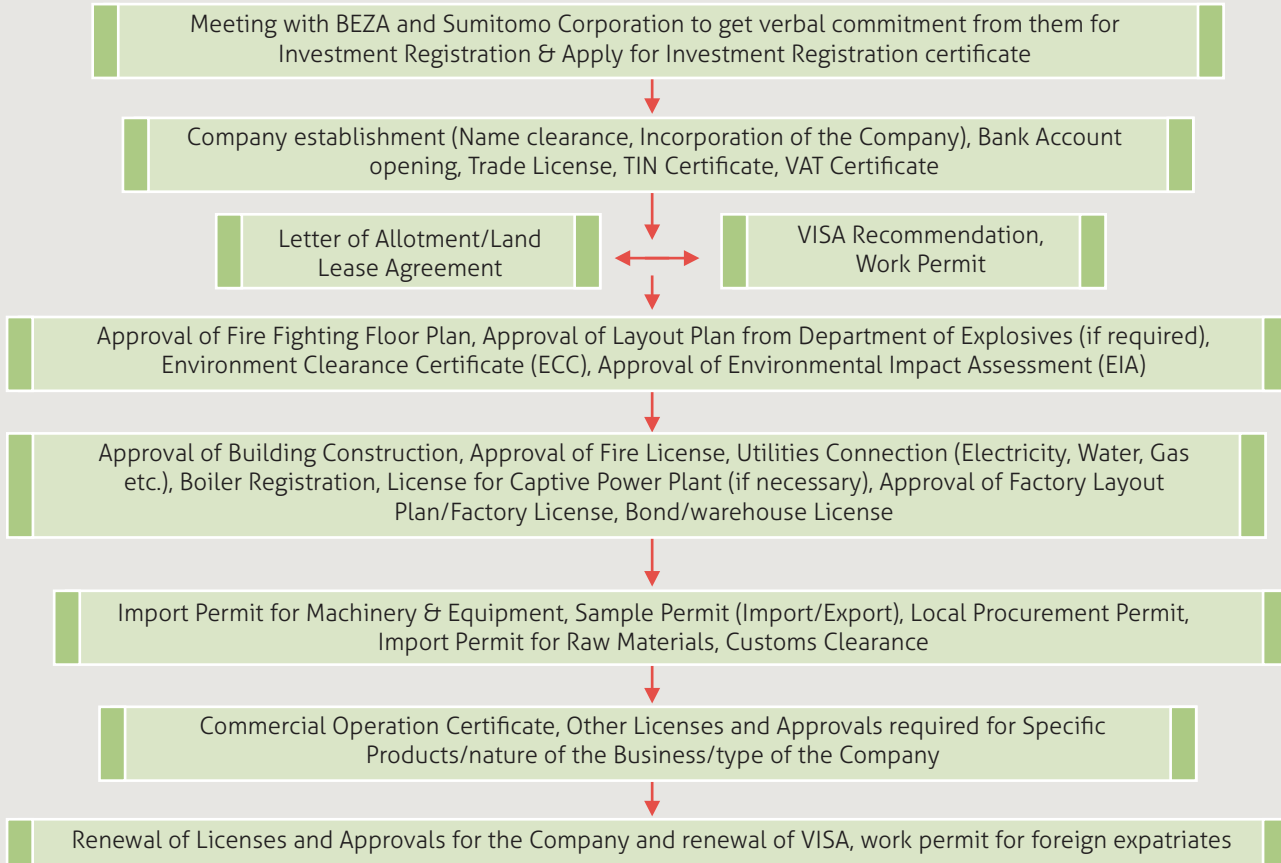
Distance from Bangladesh Economic Zones Authority (BEZA Office) is around 36 km.

Dhaka City Map



Source: Dhaka City Corporation, Bangladesh

Company Establishment Process in Japanese EZ



BEZA One Stop Service (OSS)

BEZA OSS is one of the online services employed around the globe to facilitate investment and it allows all investors (both domestic & international) to submit regulatory

documents at a single location and/or to a single entity, which in turn facilitates the investor in obtaining necessary clearances. OSS services are as follows;



Online Services (no need to submit hard copies of documents)

1. Investment Registration
2. Name Clearance of Company
3. Incorporation of Company
4. VISA recommendation
5. Work Permit
6. Extension of Work Permit
7. Trade License
8. Renewal of Trade License
9. Tax Identification Number (TIN) Certificate
10. Value Added Tax (VAT) Registration/Certificate
11. Project Registration
12. Project Clearance
13. Import Permit
14. Export Permit
15. Sample Import Permit
16. Sample Export Permit
17. Land Requisition
18. Land Use Plan
19. Commercial Operation Permit
20. Local Purchase Permit
21. Local Sales Permit
22. Occupancy Certificate
23. Application for Environmental Impact Assessment (EIA) Approval
24. Environment Clearance Certificate
25. Investment Clearance Certificate
26. Renewal of Environment Clearance Certificate (ECC)
27. Repatriation of Technical know-how and Assistance fee (in case of exceeding 6% of the cost of imported machinery)
28. Repatriation of Royalty Fee (in case of exceeding 6% annual sales on income Tax return on previous year)

Offline Services (Required to submit hard copies of documents)

1. Commitment for Allotment of Land
2. Buying or Rental of Land and Registration of Land
3. Approval of Factory Building Construction
4. Fire License
5. Renewal of Fire License
6. Approval of Electricity Connection
7. Renewal of Electrical Safety Certificate
8. Approval of Using Generator
9. Renewal of Generator using Certificate
10. Boiler Registration
11. Renewal of Boiler Certificate
12. Factory Establishment License
13. Renewal of Factory Establishment License
14. Bonded warehouse License
15. Gas Connection
16. Telephone/telecom Connection
17. Internet Connection
18. Explosive License
19. Renewal of Explosive License
20. No Objection Certificate (NOC) for Foreign loan/Bank loan/offshore Banking
21. Electrical Substation Permit
22. Establishment of Power Plant
23. Construction/Establishment of Water Treatment Plant
24. Construction/Establishment of Central Effluent Treatment Plant (CETP)
25. Construction/Establishment of Sewage Treatment Plant
26. Trademark/design/patent Registration

Note: BEZA offline all services (mentioned in the above table) will be transformed to online services gradually



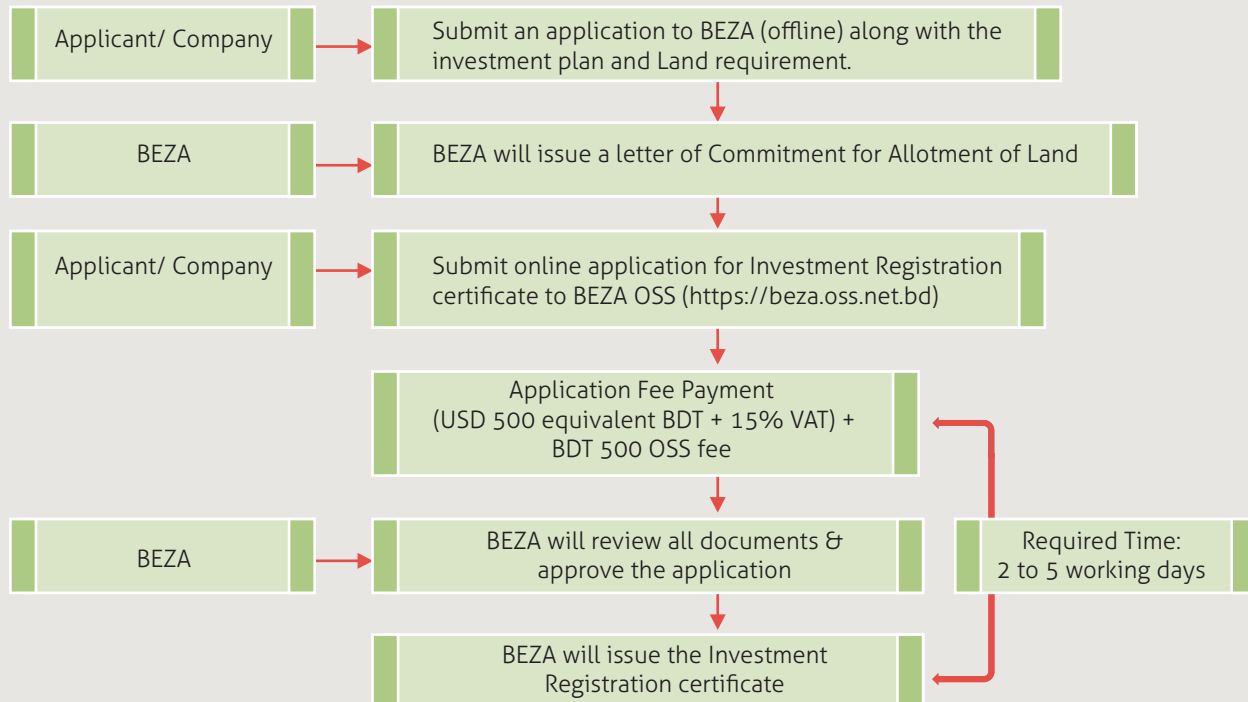
Beza Oss Services

Investment Registration certificate from BEZA

Investors should have a meeting with BEZA & EZ Developer and discuss about the Investment plan, area of Land, proposed production plan and requirement of manpower. Then Investors shall apply for Commitment for Allotment of Land after getting verbal commitment from them.

Category	Investment Registration Certificate for Land Requisition
Renewal Frequency	Not required
Issuing Ministry/Department	BEZA (https://www.beza.gov.bd/), Ministry of Commerce

Process details/map



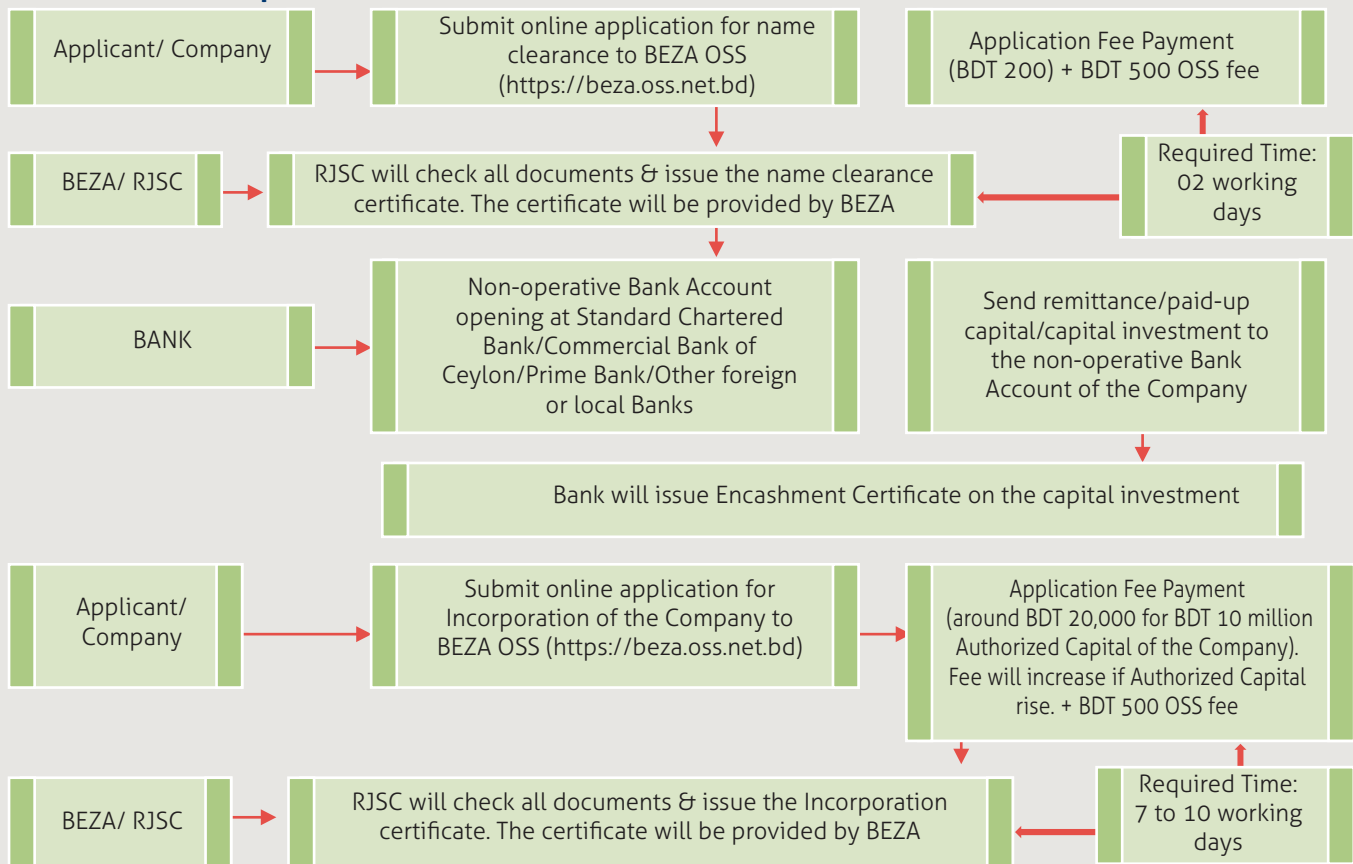
Company establishment (Name clearance, Incorporation of the Company)

Name clearance is the first step to establish a Company in Bangladesh. The name clearance remains valid for 30 days from the date of issuance. So, Memorandum of Association (MOA) and Article of Association (AOA) along

with Encashment certificate (equivalent BDT of the Paid-up capital of Company) from Bank should submit to Registrar of Joint Stock Companies and Firms (RJSC) to get Incorporation Certificate of the Company.

Category	Letter/Certificate for the Company establishment
Renewal Frequency	Not required
Issuing Ministry/Department	RJSC (http://www.roc.gov.bd/), Ministry of Commerce

Process details/map



Required documents for RJSC and Bank

RJSC: Online (<http://www.roc.gov.bd/>) submission of the Proposed Company name clearance application:

1. Online Application for the Company name clearance.

Required documents for Proposed Bank Account:

1. Board Resolution of the Directors of the proposed company to open a proposed account with the Bank	signed individually by each of the Directors and Signatories
2. Name clearance letter from Registrar of Joint Stock Companies & Firms (RJSC)	6. Passport Copies with copy of the Bangladesh visa page of each Signatory and Directors
3. Draft Memorandum of Association and Articles of Association (MOA/AOA)	7. Two passport size color photos for each for signatories and Directors of the Company
4. MOA/AOA of Principal/Parent Company if share is owned by the Company	8. Declaration on FATCA (Foreign Account Tax Compliance Act) if any of the Directors or Signatories are US citizens
5. Signed account opening form, with Information Related to Individual page to be filled up and	9. Form C for declaration regarding remittance

RJSC: Online (<http://www.roc.gov.bd/>) submission of the following documents for Company establishment:

1. Memorandum of Association and Articles of Association (MOA/AOA)
2. Director's information (Form- XI) and Form-IX
3. Encashment (remittance equivalent BDT in Paid-up capital) certificate from Bank

Note: After the company is registered, it is required to close the proposed account immediately and transfer the balances to an operational account, as per Bangladesh Bank Guidelines for Foreign Exchange Transactions 2018.

Operational Bank Account:

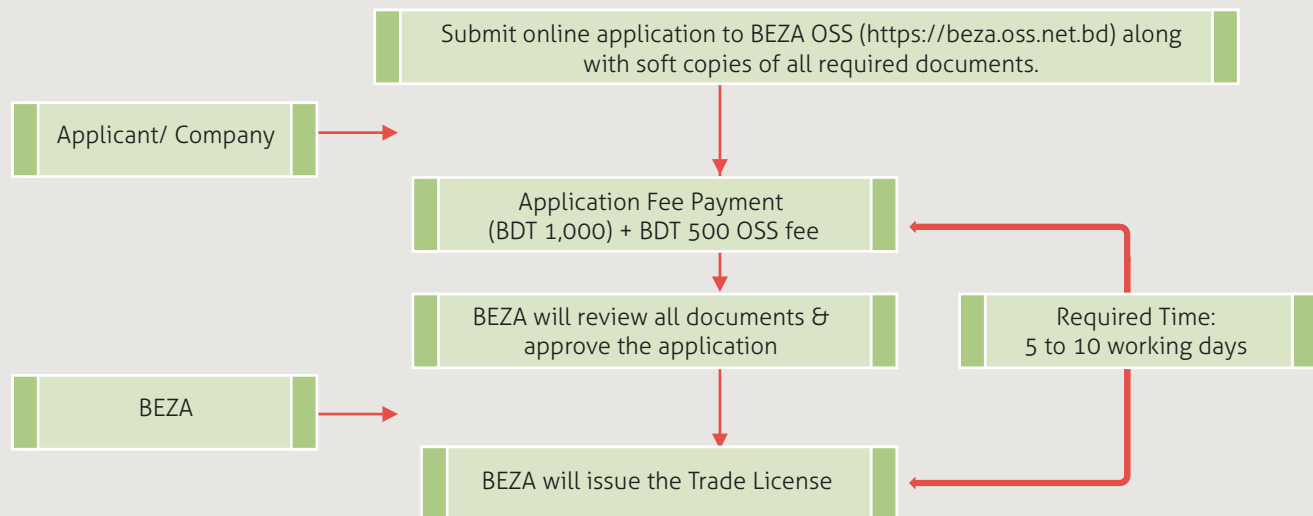
1. Request letter for closing the proposed account and opening the operational account	6. Copy of Trade License
2. Board Resolution from the company regarding opening of the operational account	7. Copy of E-TIN (Tax Identification Number) Certificate
3. Another set of Bank Account opening form signed with the company seal	8. Two passport size photos each for signatories and Directors
4. Bank Signature card of all signatories with their specimen signatures	9. Copy of Work Permit (applicable only for any foreign signatories residing in Bangladesh)
5. Copy of Certificate of Incorporation, Form XII, MOA/AOA	10. Other documents might be required according to the request from Bank.

Trade License

Trade License is mandatory for every form of business entity in Bangladesh. It is issued for one year (July to June).

Category	Letter/Certificate for permission of starting business
Renewal Frequency	Once in a Year (after ending the financial year/July)
Issuing Ministry/Department	BEZA (https://www.beza.gov.bd/), Ministry of Commerce

Process details/map



Required documents for Trade License:

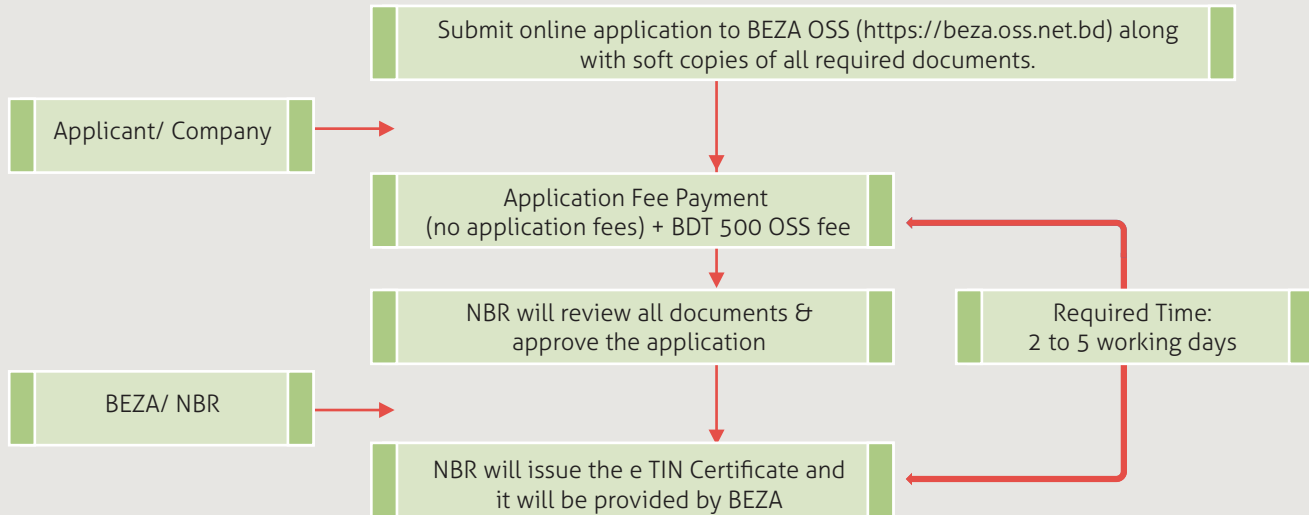
1. Application Form (prescribed by BEZA)	are OK) of the Owner/Managing Director/Director/ authorized representative
2. Copy of Certificate of Incorporation, Form-XII & MOA/AOA	
3. Passport size color photo (soft/printed copy both	4. Copy of passport of the Owner/Managing Director/Director/ authorized representative

E-TIN Certificate

E-TIN certificate means an electronic tax identification number to identify an individual, business, or other entity. A Company/Branch office or foreign expatriates/employees are required to pay tax on the basis of the yearly income and submit tax returns to National Board of Revenue (NBR).

Category	Letter/Certificate for paying Tax on annual income
Renewal Frequency	Not required
Issuing Ministry/Department	NBR (http://nbr.gov.bd/), Ministry of Finance

Process details/map



Required documents for e-TIN certificate:

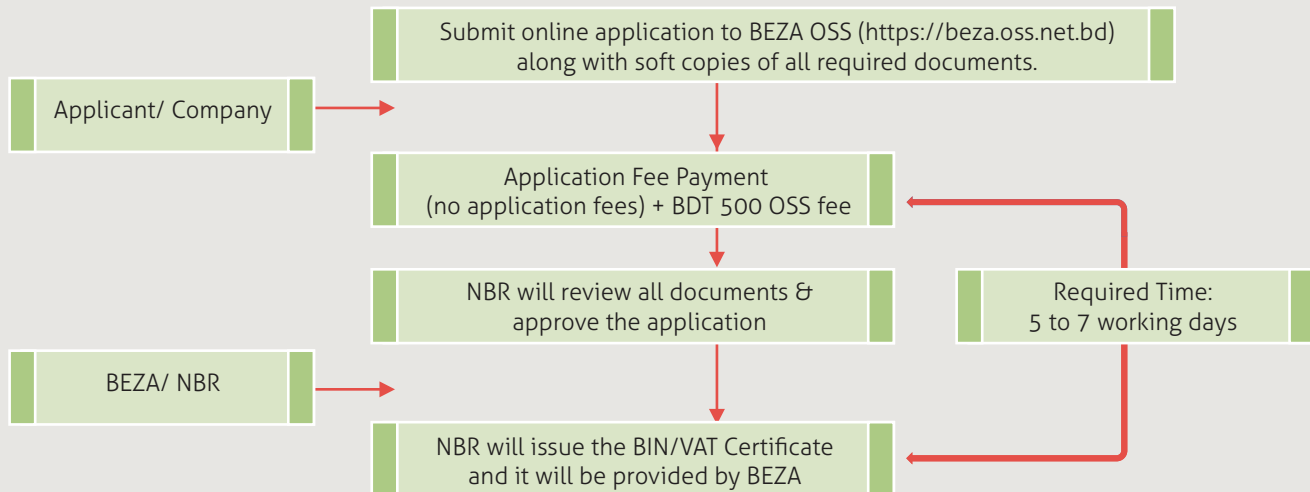
1. Copy of Company Incorporation Certificate, Form XII & MOA/AOA	3. Copy of passport of the Owner/Managing Director/Director/ authorized representative
2. Passport size color photo (soft/printed copy both are OK) of the Owner/Managing Director/Director/ authorized representative	

Business Identification Number (BIN)/VAT Certificate

A Company is authorized to collect VAT from customers and remit the same to the government and VAT depend upon annual turnover (total sales) of the business.

Category	Letter/Certificate for paying VAT
Renewal Frequency	Not required
Issuing Ministry/Department	NBR (http://nbr.gov.bd/), Ministry of Finance

Process details/map



Required documents for VAT certificate:

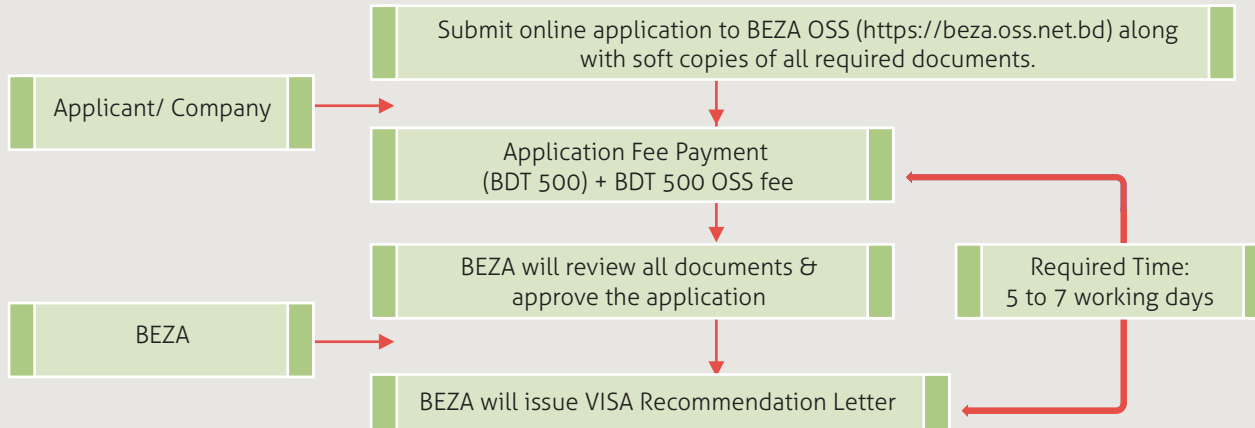
1. Copy of Company Incorporation Certificate, Form XII and MOA/AOA	4. Copy of Trade license
2. Copy of National ID card/passport of the Owner/Managing Director/Director/ authorized representative	5. Copy of E-TIN Certificate
3. Copy of Work Permit of Managing Director (if foreigner)	6. List of Products
	7. List of Machinery (Imported or local)
	8. Copy of Land lease Agreement
	9. Bank solvency certificate and Bank Statement
	10. List of activities of the Company

VISA Recommendation

Foreigners can visit Bangladesh with Business (B) visa for business discussion/trip. VISA recommendation letter from BEZA is required to get Employment (E) or Private Investor (PI) visa when a foreigner get charge for establishing and operating a Company in Bangladesh.

Category	Letter/Certificate for Foreign Employees/Investors/Expatriates
Renewal Frequency	Not required
Issuing Ministry/Department	BEZA (https://www.beza.gov.bd/), Ministry of Commerce.

Process details/map



Required documents for VISA Recommendation Letter:

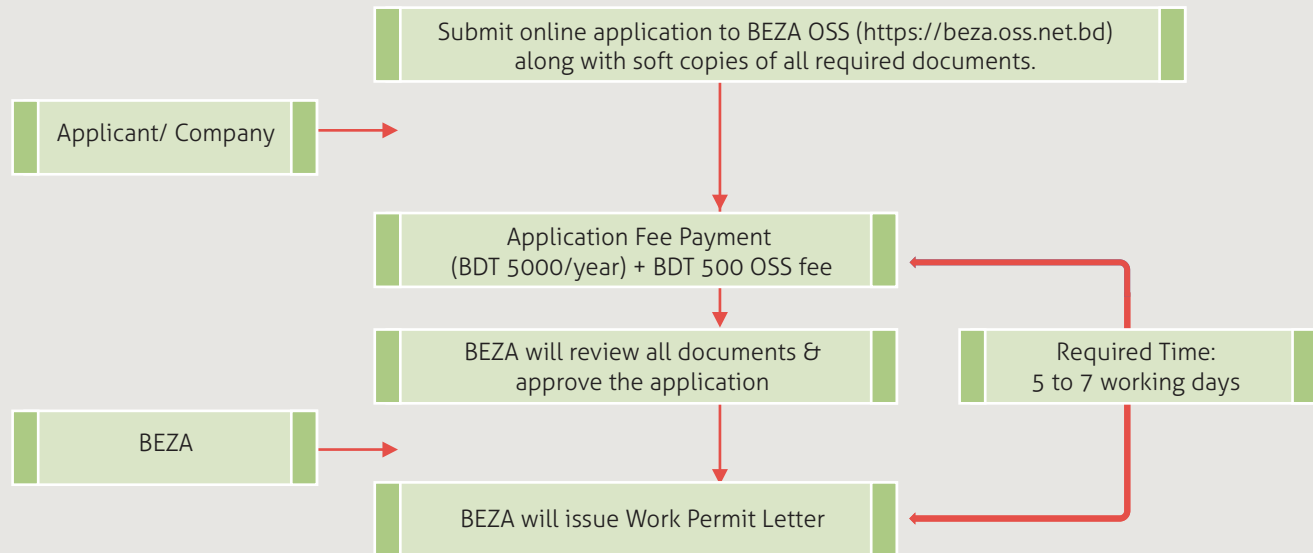
1. Filled-in Application Form (online)	7. Copy of Statement of manpower showing list of local and expatriate personal employed with designation, salary break-up, nationality and date of first appointment
2. Copy of Company Incorporation Certificate, Form XII and MOA/AOA	8. Copy of Encashment certificate (remittance of minimum USD 50,000)
3. Passport size color photos of the expatriate and copy of passport (whole of the used part)	9. Up-to-date Income tax clearance certificate of the Company
4. Copy of Appointment Letter/transfer order/service contract or agreement for the expatriate	10. Copy of Cancellation of work permit and up-to-date Income tax clearance certificate if worked at another Company in Bangladesh earlier.
5. Copy of Certificate of all academic qualification & professional experience	
6. Copy of Paper clipping showing advertisement made for recruitment of local personal	

Work Permit

A work permit is an official document that authorizes its holder to seek and take employment in a foreign country legally.

Category	Letter/Certificate for Foreign Employees/ Investors/Expatriates
Renewal Frequency	Initial Work permit shall be provided for 1 year and may be extended for 4 years
Issuing Ministry/Department	BEZA (https://www.beza.gov.bd/), Ministry of Commerce.

Process details/map



Required documents for Work Permit:

1. Filled-in Application Form (online)	3. Copy of passport with arrival stamp, with 'E' type visa for employees and 'PI' type visa for investors.
2. Copy of VISA Recommendation letter	

Investment Opportunities and Bottlenecks

Investment Opportunities

Bangladesh offers important investment opportunities for foreign countries specially for Japan. A rapidly growing market, low-cost production facilities, abundant natural resources and its nearly 168 million human resources attract Japanese investors due to stable economic growth with increasing purchasing power and a growing demand for

various products and services in the local market. To boost up export-oriented activities and local industrialization, the Government has set up 8 Export Processing Zones (EPZs) and around 100 Economic Zones (EZ) to all over the country. So, Foreign Direct Investment (FDI) trend is increasing gradually.



Problems for Japanese Companies-

Japanese Companies are facing the following common problems while operating in Bangladesh.

S/N	Problems
1	Lengthy and numerous licensing procedure for Company establishment
2	Lack of appropriate time management
3	Lack of local expatriates/ technicians/ suitable human resources
4	Corruption/ speed money/ fake payment receipt
5	Harassment of NBR regarding corporate Tax, Vat payment and accounts audit
6	Under invoice (non-compliance Companies) to pay less customs duty
7	Limitation on the payment of royalty remittance
8	Difficulty of customs bonded warehouse audit and compliance
9	Difficulty on long term loan from Parent Company
10	Overdue payment of L/C and delay of L/C payment
11	Lack of security for TT payment for import
12	High Tax (20%) on dividend payment after the payment of corporate Tax (35%)
13	Cultural and ideological mismatch between two nations

Problems for Japanese branch and Project offices

S/N	Problems
1	There is no legal status to operate Project Office in Bangladesh
2	Double Taxation (Tax and Vat payment) for ODA Projects
3	Limitation of outward/foreign remittance for a branch office

