



# BIDA NEWSLETTER

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*Investcorp Executive Chairman Mohammed Bin Mahfoodh Alardhi meets Prime Minister Sheikh Hasina at Ganabhaban on April 10*

Photo PID

## Enabling the Upward trend of FDI inflow

Bangladesh receives record gross FDI inflow in 2018

Foreign Direct Investment (FDI) net inflows in Bangladesh reached \$3.61 billion in 2018 -- an increase of over 68 percent from \$2.1 billion received in the previous year.

Breaking previous records, gross FDI inflow reached \$4.5 billion in 2018, BIDA Executive Chairman (EC) Kazi M Aminul Islam told journalists on May 9 at a press Conference held at BIDA premises.

Page 2 Col. 1

## Investors visit Bangladesh

**Investcorp**, a leader in alternative investment products management, is interested to invest in Bangladesh. In a meeting with Prime Minister Sheikh Hasina at Ganabhaban, Investcorp Executive Chairman Mohammed Bin Mahfoodh Alardhi said Bangladesh is a homogeneous country with great investment potential. Private Sector Industries and Investment Adviser to the PM, Salman F Rahman, Principal Secretary to the PM, Md Nojibur Rahman and EC, BIDA Kazi M Aminul Islam were present in the meeting.

Page 4 Col. 1

### INSIDE

- Enabling the Upward trend of FDI inflow
- Investors visit Bangladesh
- Lessons in Logistics
- Pre-budget dialogue on tax holiday
- Cabinet Division created Divisional, District and Upazila Investment and Trade Development Assistance Committee
- Power of youth, progress of Bangladesh
- BIDA's Experience in Thailand
- 'A Legal Framework for Ease of Doing Business for Foreign Direct Investment Promotion'



## Enabling the Upward trend of FDI inflow Bangladesh receives record gross FDI inflow in 2018

From Page 1

He further informed, "FDI inflow has been on the rise since 2016. If the upward trend continues, Bangladesh will receive double-digit FDI inflow by 2021."

The first FDI was received by Bangladesh in 1977, but for years the figure continued to remain below \$100 million on average.

FDI inflows increased gradually starting from 2011 and crossed \$1 billion. In Bangladesh FDI continued to grow even when the rates fell globally in 2014 and 2017.

Speaking of the big rise in inter-company loans, an FDI component, EC, BIDA said, "It shows that the companies working in Bangladesh are feeling more comfortable, which is why they are securing more investment from mother companies. We are predicting that the trend will continue."

## How BIDA Changes the Environment

During the press conference EC, BIDA informed that investment and business must be operated within a legal structure, and BIDA has completed several major reforms to ensure Ease of Doing Business. "This will create more incentives for investors to come to Bangladesh."

BIDA has been bringing all services needed to start a business under the unified platform - One Stop Service or OSS. "We have already started OSS online, where 15 BIDA services and seven services of other offices including those of the Registrar of Joint Stock Companies (RJSC) are available. We are working tirelessly to add more," said the EC, BIDA.

"These are the enablers behind the upward trend in FDI and hopefully these will continue to play a role in our target for double digit FDI inflow," he added.

## Net FDI inflows

**Leading investor: China**

**Equity capital more than doubled:**  
\$538m (2017) -- \$1,124m (2018)

**Re-invested earnings increased:**  
\$1279.42m (2017) -- \$1,309m (2018)

**Intra-company loans nearly quadrupled:**  
\$333m (2017) -- \$1,180m (2018)



EC, BIDA is briefing the journalists on FDI inflow on May 9 at BIDA

The FDI figure would be higher if we take into account Japan Tobacco's \$1.47 billion acquisition of Akij Group's tobacco business. Even though the FDI - the biggest ever received in a single transaction - is complete, it is yet to be added to the official figure.

--EC, BIDA



## FDI Net Inflows by Major Countries and Major Sectors for the year 2018

Sector																
Country	Power	Food	Textile and Wearing	Banking	Telecom	Gas & Petroleum	Trading	Non-Financials	Leather	Construction	Chemicals and Pharma	Fertilizer	Insurance	Software & IT	Agriculture and Fishing	Other Sectors
China	834	0	40	---	0	---	15	113	1	9	0	0	---	---	0	18
Netherlands	3	608	19	-14	---	3	20	---	8	0	---	1	---	0	---	44
UK	68	43	43	150	0	---	3	2	---	1	23	1	---	0	18	19
USA	-11	0	8	19	0	90	14	0	---	0	---	0	27	12	0	14
Singapore	42	46	13	3	1	3	5	-57	0	0	1	0	---	2	4	107
Hong Kong	1	0	83	40	3	---	8	0	3	---	---	---	---	0	0	31
India	14	1	15	13	15	4	4	---	2	0	6	0	0	1	1	47
Norway	---	---	---	---	103	---	0	---	---	---	0	---	0	0	---	4
Malaysia	0	---	2	-2	63	0	---	1	0	24	0	---	---	5	---	1
South Korea	---	---	35	11	---	---	3	---	21	0	---	---	---	0	0	2
Mauritius	28	3	23	---	12	---	0	---	---	---	0	---	---	0	---	2
Sri Lanka	15	3	12	23	---	---	1	3	---	0	0	1	---	0	---	3
Japan	2	0	4	0	4	1	2	---	0	12	-1	16	---	0	-6	23
(UAE)	7	0	11	13	---	2	5	1	---	3	0	0	---	1	---	13
Taiwan	---	0	10	---	---	---	9	---	23	0	---	---	---	---	---	9
Switzerland	1	24	7	---	---	---	4	1	---	---	7	---	---	0	---	5
British Virgin Islands	0	---	33	---	---	---	---	1	---	---	0	---	---	0	---	10
Bermuda	---	---	31	---	---	---	---	---	---	---	---	---	---	---	---	6
Germany	0	---	4	1	---	---	3	0	1	0	1	0	---	0	---	17
Sweden	---	---	0	---	19	---	0	---	---	---	0	---	---	---	---	2
Other Countries	6	2	17	27	0	7	6	2	1	6	10	12	---	4	0	36
<b>Total FDI Inflows</b>	<b>1012</b>	<b>730</b>	<b>408</b>	<b>283</b>	<b>220</b>	<b>111</b>	<b>102</b>	<b>67</b>	<b>61</b>	<b>55</b>	<b>47</b>	<b>31</b>	<b>28</b>	<b>26</b>	<b>19</b>	<b>415</b>

## Area & Component wise FDI Inflows in Bangladesh during 2018

(In million US\$)

Year	Quarter	Component	EPZ			Non-EPZ			Total		
			Gross Inflow	Disinvestment	Net Inflow	Gross Inflow	Disinvestment	Net Inflow	Gross Inflow	Disinvestment	Net Inflow
			A	B	C=A-B	D	E	F=D-E	G=A+D	H=B+E	I=G-H
CY 2018	Jan-Mar	Equity	5.94	0.00	5.94	113.23	7.95	105.28	119.17	7.95	111.22
		Reinvested Earnings	62.18	0.00	62.18	262.78	0.00	262.78	324.96	0.00	324.96
		Intra-Company Loans	134.79	129.92	4.87	116.94	54.21	62.73	251.73	184.13	67.60
		<b>Total</b>	<b>202.91</b>	<b>129.92</b>	<b>72.99</b>	<b>492.95</b>	<b>62.16</b>	<b>430.79</b>	<b>695.86</b>	<b>192.08</b>	<b>503.78</b>
	Apr-Jun	Equity	9.00	0.07	8.93	225.53	7.78	217.75	234.53	7.85	226.68
		Reinvested Earnings	64.10	0.00	64.10	227.93	0.00	227.93	292.03	0.00	292.03
		Intra-Company Loans	182.55	151.98	30.57	500.02	137.11	362.91	682.57	289.09	393.48
		<b>Total</b>	<b>255.65</b>	<b>152.05</b>	<b>103.60</b>	<b>953.48</b>	<b>144.89</b>	<b>808.59</b>	<b>1209.13</b>	<b>296.94</b>	<b>912.19</b>
	Jul-Sep	Equity	6.23	1.47	4.76	270.39	7.68	262.71	276.62	9.15	267.47
		Reinvested Earnings	39.19	0.00	39.19	272.09	0.00	272.09	311.28	0.00	311.28
		Intra-Company Loans	126.50	120.03	6.47	317.73	53.33	264.40	444.23	173.36	270.87
		<b>Total</b>	<b>171.92</b>	<b>121.50</b>	<b>50.42</b>	<b>860.21</b>	<b>61.01</b>	<b>799.20</b>	<b>1032.13</b>	<b>182.51</b>	<b>849.62</b>
	Oct-Dec	Equity	8.26	1.03	7.23	528.52	16.99	511.53	536.78	18.02	518.76
		Reinvested Earnings	56.39	0.00	56.39	324.45	0.00	324.45	380.84	0.00	380.84
		Intra-Company Loans	148.49	126.62	21.87	542.99	116.75	426.24	691.48	243.37	448.11
		<b>Total</b>	<b>213.14</b>	<b>127.65</b>	<b>85.49</b>	<b>1395.96</b>	<b>133.74</b>	<b>1262.22</b>	<b>1609.10</b>	<b>261.39</b>	<b>1347.71</b>
	<b>Total</b>	Equity	29.43	2.57	26.86	1137.67	40.40	1097.27	1167.10	42.97	1124.13
		Reinvested Earnings	221.86	0.00	221.86	1087.25	0.00	1087.25	1309.11	0.00	1309.11
		Intra-Company Loans	592.33	528.55	63.78	1477.68	361.40	1116.28	2070.01	889.95	1180.06
		<b>Total</b>	<b>843.62</b>	<b>531.12</b>	<b>312.50</b>	<b>3702.60</b>	<b>401.80</b>	<b>3300.80</b>	<b>4546.22</b>	<b>932.92</b>	<b>3613.30</b>

Source: Foreign Investment & External Debt (FIED) Management Cell, Statistics Department, Bangladesh Bank



## Investors visit Bangladesh

From Page 1

**UAE-based companies** including The Private Office of Sheikh Ahmed bin Dalmook Al Makhtoum and DP World have sought the support of BIDA to expedite their work to set up investment projects for onshore LNG, mega solar power plant and economic zone development in Bangladesh following the four MoU they signed in the presence of Prime Minister Sheikh Hasina in Abu Dhabi in this year's February.



*Top officials of Saudi Aramco and ACWA Power visit BIDA office on April 30*

**Mitsubishi Motors**, one of the world's largest car makers, wants to support the development of an automotive industry in Bangladesh. Mitsubishi Motors Vice President Ryujiro Kobashi headed an official delegation to Bangladesh on a BIDA-invited visit from May 14 to May 17. After visiting the economic zone in Chattogram's Mirsarai, spanning over 30,000 acres, they spoke to top government representatives including the Minister of Commerce Tipu Munshi.

"Mitsubishi Motors wants to support the motorisation and industrialisation of Bangladesh. I am visiting Bangladesh this time to discuss that with the members of the Bangladesh government," said Mr. Kobashi.



*ZTE (Jiaxing) Biotechnology representatives meet EC, BIDA on April 23*



*Following-up on the MoUs: UAE business representatives meet the EC on May 15*

**Saudi Aramco & ACWA Power**, the global energy giants, have reached out to BIDA about big investment plans for gas, conventional power generation and renewables in Bangladesh. The companies had participated in the Dialogue for Saudi Arabia-Bangladesh Investment Cooperation organised by BIDA in Dhaka on March 7.

"We are interested to build a strong relationship with Bangladesh. We are long-term investors who deliver back to the country," said ACWA Power's Business Development Director Ayad Al Amri while visiting BIDA headquarters.



*EC BIDA, EC BEZA and the Mitsubishi delegation at a reception hosted by Japanese Ambassador to Bangladesh Hiroyasu Izumi during Mitsubishi Motors delegations' visit in Bangladesh*

**ZTE**, the Chinese tech giant, wants to produce biotechnology-based active pharmaceutical ingredients or API in Bangladesh for domestic supply and export to foreign markets as part of its investment efforts through ZTE (Jiaxing) Biotechnology. The Fortune 500-company has also expressed a desire to develop smart cities in Bangladesh during a visit to the BIDA office.



**Hong Kong's** 24-member business delegation visited Bangladesh recently in search of investment opportunities as part of efforts under Xi Jinping's signature Belt and Road Initiative.

The delegation from the Chinese Manufacturers' Association (CMA) of Hong Kong visited BIDA from May 23 to 25. Delegates from CMA showed interest and expressed their optimism about investment in Bangladesh.

BIDA organised a seminar and business matchmaking session between Bangladeshi companies and the delegation at a city hotel in Dhaka May 25 in order to foster strong economic ties between Hong Kong and Bangladesh.

EC, BIDA Kazi M Aminul Islam said this business trip will open up many opportunities between Hong Kong and Bangladesh.

"Beyond manufacturing and export, Bangladesh has great opportunities in its domestic market, which will fully flourish within a few years," said Dennis WP Ng, president of the CMA of Hong Kong who led the delegation.

Ng appreciated the skilled and 'focused' workforce of Bangladesh, that he witnessed firsthand on a visit to the Chinese-owned Unimas Sportswear factory in Gazipur with journalists from Hong Kong. The amount they can save on labour costs is still thought to be the most potent way to attract foreign investors.

**Bangladesh is a homogeneous country with great investment potential.**

--EC, Investcorp

**We are interested to build a strong relationship with Bangladesh. We are long-term investors who deliver back to the country.**

--Director, ACWA Power

## Lessons in Logistics

Best practices from Sri Lanka, Dubai and Singapore are shared in BIDA's Conference on Logistics: Challenges and Future Readiness



Private Sector Industries and Investment Advisor to the PM, Salman F Rahman addresses BIDA's international conference on logistics on April 25



From Left to Right: SCMS President, PSI&I Advisor to the PM, Principal Coordinator (SDG Affairs) at PMO & EC BIDA

Advancement of knowledge must continue in many different areas, especially in the areas that define competitiveness. With that view, BIDA and Bangladesh Supply Chain Management Society (SCMS) hosted an international conference on logistics in Dhaka on April 25. The best lessons from across the globe were heard from experts who arrived from Sri Lanka, Dubai and Singapore to engage with the heads of Bangladesh's public sector agencies and to listen to concerns shared by Bangladeshi businesses.

● Speaking at the event, Private Sector Industries and Investment Advisor to the PM, Salman F. Rahman said: "This event is a very timely initiative because logistics is a crucial element in our efforts to achieve the growth targets set by the Honourable Prime minister. We have made unbelievable achievements and now we have to reach the next level - and reaching the next level is always harder."

● Principal Coordinator (SDG Affairs) at the PMO, Abul Kalam Azad said, "In order to improve infrastructure, the government has plans to setup double tracks for every rail route and expand into four lanes every major highways. At the Chattogram port, we have reduced the waiting time to 3.5 days from 10-12 days. We have taken up three port infrastructure initiatives, including a huge bay terminal in Chattogram, which will have massive capacity."



- EC, BIDA Kazi M Aminul Islam, in his address, announced the formation of a taskforce on logistics for providing businesses with policy support. The taskforce will have members from public sector agencies and representatives from the private sector for providing validation and feedback on behalf of businesses."

- Freight Systems Managing Director David Phillips shared the logistics story of Dubai. Bangladesh, while continuing to boldly undertake mega projects for building hard infrastructure, should also focus on creating 'soft infrastructure' -- that is skilled workers for running its mega structures, he said.

- Rohan Masakorala, CEO of Shippers' Academy Colombo, moderated one of the conference's sessions. While talking about logistics hurdles commonly faced in Bangladesh, he said, "Develop a five-year logistics strategy



*BIDA Executive Chairman Kazi M. Aminul Islam addresses BIDA's international conference on logistics on April 25*

and start working from next month. Give the signal to the international community -- those who will help you grow in products and services. Let them know that you have taken the right steps to change. Think big, because Bangladesh is growing big."



*Experts from Sri Lanka, Dubai and Singapore*

## Pre-budget dialogue on tax holiday

Tax holiday is an important incentive that governments provide to attract investment in industries and businesses. In Bangladesh, the tax facility is provided at various levels, especially in the economic zones, export processing zones and high-tech parks.

A dialogue titled 'Revisiting Tax Holiday Policy of Bangladesh for Promotion of Investment and Export'

was organized by BIDA and the Business Initiative Leading Development (BUILD) on May 19 at BIDA. BUILD proposed that the existing tax holiday facility be revisited to include more industries from various non-traditional sectors, which would lead to the creation of more jobs. Bangladesh should expand the facility and modernise provisions in the Income Tax Ordinance,





A dialogue on 'Revisiting Bangladesh's Tax Holiday Policy for Promotion of Investment and Export' was organized by BIDA and BUILD on May 19 at BIDA premises.

"Tax holiday is important for growth of businesses, while collecting revenue is important for securing government expenditure for development works," said NBR Member Kanon Kumar Roy. He assured the dialogue's participants that measures will be taken to make sure the urgent needs of businesses are reflected in the tax rules of Bangladesh.

BIDA Executive Chairman Kazi M Aminul Islam, who presided over the dialogue, said, "The government is always aware of the needs of investors. I believe the concerned ministries and agencies will take timely measures to do what is needed."

## Cabinet Division created Divisional, District and Upazila Investment and Trade Development Assistance Committee

Promotion of investment is one of the high priority initiatives of the present government. Bangladesh Investment Development Authority (BIDA), the apex investment promotion agency, is persistently working for attracting and facilitating both domestic and foreign investment. BIDA considers that division, district and upazila level administration must be engaged in investment expansion measures for achieving the desired result. BIDA requested the Cabinet Division to implement the following recommendations:

- a) Incorporate investment-related responsibilities in division, district and upazila level administration;
- b) Form Divisional, District and Upazila Investment and Trade Development Assistance Committee;
- c) Change the name of the Trade and Commerce section of the district administration to Trade and Investment section;
- d) Establish a front desk at District Commissioner's office for giving assistance to investors;
- e) Appoint a senior officer as a focal point for supervising investment promotion and facilitation issues in divisional, district and upazila administration;
- f) Allocate a budget for the Divisional, District and Upazila Investment and Trade Development Assistance Committee.

The Cabinet Division has already created Divisional, District and Upazila Investment and Trade Development Assistance Committee on 25 April 2019. Directives have been given by the Cabinet Division to concerned ministries and/or offices for implementing the recommendations mentioned above.

## Power of youth, progress of Bangladesh

### Recommendations of the youths from different divisions

The special pledge of the present government is "Power of youth, progress of Bangladesh". The present government has promised to unleash the potential of the youth to engage them in transforming Bangladesh into an advanced country. BIDA, with the guidance of the Prime Minister's office (PMO), has organized four workshops highlighting the above-mentioned pledge in Rajshahi, Rangpur, Mymensingh, and Barishal division. BIDA arranged these workshops to connect youths with investment. Approximately four hundred youths, public and private stakeholders participated in these workshops. A substantial number of recommendations have been formulated in the workshops to make the youths a productive constituent of the mainstream economy. Some of the recommendations are as follows:

1. Establish investment school, college, and/or university
2. Establish a separate economic zone for young, women, indigenous and especially abled entrepreneurs
3. Provide a separate identification number/credential system for trained skilled workers
4. Create a separate database for youths, women, indigenous and especially abled entrepreneurs
5. Arrange awareness programs to increase support of family for creating investors
6. Ensure innovative research in school, college and university
7. Establish language institutes in areas concentrated with foreign investments
8. Activate drug prevention committee in schools, colleges, and universities
9. Make sports and cultural activities mandatory at all levels and all types of educational institutes
10. Appoint professional social workers in all educational institutes
11. Set up upazila statistical office
12. Make dope test mandatory and regular for all law enforcement forces
13. Establish a separate ministry for youth.



## BIDA's experience in Thailand

A third country study tour took place in Thailand from March 11 to 15 which was organized by JICA under the project titled 'Technical Cooperation Project for Promoting Investment and Enhancing Industrial Competitiveness'. An eleven-member delegation led by the Executive Member of BIDA, Moinul Islam participated in the study tour which included the officials from BIDA, BEZA, PMO and JICA project team.

The programme was organized into lecture sessions on investment promotion activities, OSOS and SMART visa programme of Thai BOI, visits to linkage industry, industrial estate (Eastern economic corridor) and Science Park (An industrial park for innovation and technologies) and business meetings with potential Thai investors.

The investors meeting was attended by, among others, Choowong Tagkoonsombati, Director of Thai BOI, Sumet Suttapukti, Vice Chairman of Renewable Energy Industry Club, representative of the Federation of Thai Industries and former Thai Ambassador to Bangladesh, Suphat Chitranukroh. Suphat Chitranukroh informed the participants that this is the right time for the Bangladeshi delegates to come to Thailand and Thai investors are now ready to conduct business in Bangladesh. He added that the location, population and area of the country are in favourable conditions for Thai investors.

Following the business meeting, a brief discussion took place between the delegates and the participants from Inter Far East Wind International Co., Ltd. headed by Sumet Suttapukti.



*BIDA, BEZA and PMO officials in Thailand*

He showed his interest in developing an Economic Zone in Cox's Bazar area covering the area of wind farm they are going to install under the PPA signed with the power Division of Bangladesh. He informed that this would be the first digital wind farm in the country with cent percent investment from Thailand. The land is already selected, initially with 30 wind turbines requiring one acre of land for each. The location is near the Cox's Bazar Airport known as Kurush Kul. Currently the land is under reclamation and underneath and around each wind turbine, the company intends to grow agricultural crops along with setting up a tourism park. The total land area for the project is 600 acres. The meeting decided that the Thai Company initially will contact BEZA in Bangladesh to explore the idea of developing a private economic zone in their proposed wind farm.

## 'A Legal Framework for Ease of Doing Business for Foreign Direct Investment Promotion' A Training Programme in Japan



*Participants of 'A Legal Framework for Ease of Doing Business for Foreign Direct Investment Promotion' on March 02 in Cobe, Japan*

A training programme titled 'A Legal Framework for Ease of Doing Business for Foreign Direct Investment Promotion' was held during January 13 to March 02 in the cities of Kobe, Kyoto, Tokyo and Osaka, Japan. The training programme was arranged by JICA in association with SHOJIHOMU Co. Ltd, Japan under JICA knowledge Co-Creation Programmes, implemented as part of the Official Development Assistance of the Government of Japan. Two officials from BIDA participated in the training. A total of 11 officials from 9 countries including Egypt, Kyrgyz, Nigeria, Sri Lanka, Timor-Leste, Uzbekistan, South Africa and Ethiopia participated. The objective of the training was to enable the participants to make proposals on improvements of their legal system to implement investment promotion strategies in their home countries from relevant perspectives.

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