

# U.S. Country Commercial Guides



Bangladesh  
2020

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## Doing Business in Bangladesh

### Market Overview

Bangladesh is a country the size of Iowa, situated in the northeastern corner of the Indian subcontinent and bordered by India and Burma, with a population of 165 million. Bangladesh is the eighth most populous country in the world, and the most densely populated other than city states. Bangladesh represents an excellent potential market for U.S. exports.

With a growing middle class, Bangladesh attained the World Bank's lower-middle income status in 2015 with a GNI per capita of \$1,190, which grew to \$1,750 in 2018. Bangladesh has enjoyed consistent annual GDP growth of over six percent since 2005, though growth in 2020 will likely slow because of the COVID-19 outbreak. Much of Bangladesh's economic growth continues to be driven by exports from the \$28.0 billion ready-made garments (RMG) industry and continued remittance inflows from expatriate labor, which reached a record \$18.2 billion in fiscal year (FY) 2019-20.

According to the International Monetary Fund (IMF), Bangladesh's GDP reached \$317 billion in 2019 with an annual growth rate of 7.9 percent. Despite this growth, a fiscal policy priority will be domestic resource mobilization, as tax revenues are only 9.6 percent of GDP. The financial sector will also need to address the persistent problem of state-controlled banks' non-performing loans (NPL). Bangladesh's fiscal year runs from June 30 to July 1. The Government of Bangladesh actively seeks foreign investment, particularly in the apparel industry, light manufacturing, energy, power, agribusiness, and infrastructure sectors. The government offers a range of investment incentives under its industrial policy and export-oriented growth strategy. According to the United Nations Conference on Trade and Development (UNCTAD) Bangladesh received foreign direct investment (FDI) net inflows of \$1.6 billion in 2019, which was 56 percent lower than the previous year. UNCTAD attributed the decline to a record-high level of FDI in 2018. Bangladesh's central bank estimated foreign exchange reserves increased from \$32.7 billion in June 2019 to \$36.0 billion in June 2020.

Bangladesh's export economy is dominated by RMG manufacturing, but the country remains largely rural with an urbanization rate of only 37.4 percent of the population. While the agriculture sector employs 40.6 percent of the population, it accounted for only 13.6 percent of GDP in 2017, according to the Bangladesh Bureau of Statistics (BBS). The industrial sector accounts for 35.1 percent of GDP and employs 20.4 percent of the population, primarily in the RMG and light manufacturing sectors. The services sector accounts for 51.3 percent of GDP and employs 39 percent of the population. The services sector, including information and communication technology (ICT) services, has strong potential for growth over the next decade.

Bangladesh has one of the lowest wage rates in the world, which has fueled an expanding industrial base led by the RMG industry; however, it is well-positioned to diversify its exports and move up the value chain. The country also has large pharmaceutical, footwear, agricultural-processing, and ship building industries. Other important sectors include construction, ICT and business process outsourcing, light engineering, leather products, jute products, and ceramic products. There is substantial scope for U.S. companies to enter the market and invest in these thrust sectors.

Dhaka, home to the Dhaka Stock Exchange, is the primary economic, political, and cultural center of Bangladesh. Located on the coast, Chattogram (previously called Chittagong), the second largest economic and financial hub in Bangladesh, hosts the country's major seaport which handles more than 90 percent of the country's international trade. Nearly 26 million Bangladeshis, concentrated mainly in Dhaka and Chattogram, have annual incomes exceeding \$12,000, offering a sizable market for goods and services.

Two-way trade between the United States and Bangladesh reached \$9.0 billion in 2019, an increase of 10.2 percent from the previous year. The United States is the largest single country export destination for Bangladeshi products, and Bangladesh is the 60th largest export destination for the United States. U.S. goods exports to Bangladesh totaled \$2.3 billion while goods imports totaled \$6.7 billion, resulting in a U.S. goods trade deficit with Bangladesh of \$ 4.3

billion in 2019. The top import categories in 2019 were: woven apparel (\$4.1 billion), knit apparel (\$1.6 billion), headgear (\$208 million), miscellaneous textile articles (\$202 million), and footwear (\$156 million).

The top export categories from the United States to Bangladesh in 2019 were: civilian aircraft, engines, and parts (\$681 million); cotton (\$388 million); soybeans (\$388 million); and ferrous waste and scrap (\$293 million).

### **Market Challenges**

Despite relatively strong economic growth over the past decade, investment climate constraints, deficiencies in energy and transportation infrastructure, and an opaque regulatory environment have prevented Bangladesh from achieving higher growth.

Shortages of land, natural gas, and power remain major impediments to investment. Electricity generation capacity has grown significantly over the last decade, but transmission and distribution systems need additional work to ensure more reliable and inclusive access to electricity. Corruption is also widely perceived to be endemic at all levels of society, discouraging investments and inhibiting economic growth.

Reputable companies have complained the Bangladesh National Board of Revenue (NBR) is inconsistently subjecting businesses' prior year tax returns to renewed scrutiny. While this process is taking place, normal business activities such as banking, immigration procedures, and branch office licensing permissions may be slowed or stopped entirely. Some companies have either exited the market or minimized their presence as a result of NBR's actions.

Political unrest, largely stemming from local or national elections, has at times shut down business operations and impacted supply chains, though not since 2014. Security challenges have hampered some investment and trade opportunities. Bangladesh saw its biggest terrorist attack in July 2016 (claimed by Islamic State of Iraq and al-Sham - ISIS) at the Holey Artisan restaurant in Dhaka, where twenty people, mostly foreigners, were killed. Prior to July 2016 there were several incidents where foreigners and bloggers were targeted by ISIS and Al-Qaeda. The government and law enforcement have implemented security measures and conducted raids to restrain militant groups operating in Bangladesh. Although extremist attacks remain a concern for the country, relatively high and steady GDP growth over the last decade has shown the resilience of Bangladesh's economy in weathering these challenges.

A series of RMG industry accidents, including the tragic deaths of more than 1,100 workers in the Rana Plaza Complex collapse in April 2013, have highlighted the ongoing need for improved worker safety and labor rights and prompted Western brand-led initiatives to improve factory safety. Workers continue to protest low and delayed wages.

Economic weaknesses also include an undeveloped and undercapitalized financial sector, an inefficient and chronically loss-making public sector, and a decision-averse bureaucracy that often resists measures to improve the business climate.

### **Market Opportunities**

The leading commercial sectors for U.S. exports and investment include:

- Power and Energy
- Agriculture Equipment and Inputs
- Information and Communication Technology (ICT)
- Infrastructure Development and Engineering Services
- Textiles and Apparel
- Defense, Security Equipment, and Services
- Education
- eCommerce
- Healthcare and Pharmaceuticals

## **Market Entry Strategy**

Personal relationships are important when marketing products in Bangladesh. Many companies identify distributors or local agents to market their products on an exclusive basis. U.S. companies can evaluate potential business partners based on technical capacity, market experience and other factors. The United States Trade Center at the U.S. Embassy works in coordination with the Foreign Commercial Service office in Kolkata, India to offer services to help identify and assess Bangladesh companies as potential business partners.

Many firms service Bangladesh from their regional offices in India, Singapore, and other locations in South or Southeast Asia. As companies become more established in the market, an increasing number choose to open branches or subsidiary offices in Bangladesh.

Consumer goods companies are now beginning to establish manufacturing facilities in Bangladesh. In addition, some companies have begun granting franchise licenses in Bangladesh, including casual restaurants, clothing, health spas, and specialty goods enterprises.

Successful companies adapt their products to the demands of the local marketplace. This may include smaller packaging to reduce retail pricing and marketing strategies that appeal to local consumer preferences.

## Leading Sectors for U.S. Exports and Investments

### Power and Energy

#### Overview

Demand for electricity in Bangladesh is projected to reach 40,000 megawatts (MW) by 2030. The Government of Bangladesh has plans to increase power generation beyond expected demand to help propel growth in the export-oriented economy and meet the needs of a growing middle class by raising \$70 billion in total investments in the sector over the next 15 years. Electricity generation capacity has increased significantly over the last decade, despite poor transmission and distribution infrastructure, inadequate thermal efficiency in a large number of aged power plants, and a mismatch between the types of energy needed by existing plants and the fuel mix available. Private power production units make up about half of total installed capacity.

Electrical generation capacity has increased from about 5 gigawatts in 2009 to around 21 gigawatts in 2019, and access to energy has expanded to nearly 95 percent of the population. Still, the reliability and quality of electricity remain major issues. Improving the supply and reliability of electricity and energy in general, while maintaining affordability, is essential to supporting the continued growth of industry and commerce in Bangladesh.

The fuel mix of Bangladesh's power plants is heavily based on natural gas. The Government of Bangladesh plans to reduce dependence on domestic natural gas and increase the use of imported liquefied natural gas (LNG). As of July 2020 the Ministry of Power, Energy, and Mineral Resources Plans was reportedly reconsidering plans to shift Bangladesh's fuel mix towards coal – including by generating as much as 50 percent of total electricity using coal-based power plants by 2030. The government is also considering importing electricity from neighboring countries and expanding the use of renewable resources, including solar and wind power.

U.S. companies play an outsized role in the power and energy industry in Bangladesh. U.S. companies supply over 55 percent of Bangladesh's domestic natural gas production and are among the largest investors in power projects. U.S.-origin power turbines currently provide 80 percent of Bangladesh's installed gas-fired power generation capacity.

There are also opportunities for offshore gas exploration. Currently, 26 offshore blocks exist in the Bay of Bengal, including 11 shallow blocks and 15 deep sea blocks. Petrobangla, the state-owned oil, gas exploration, and production company, agreed in March 2020 to award U.S.-Norway joint venture TGS-NOPEC and Schlumberger a contract to conduct a 2D non-exclusive, multi-client seismic survey in the 26 blocks over two years. According to press reports, the Government of Bangladesh (GoB) had planned to invite international bidding on 21 offshore gas blocks in March 2020, but the announcement was postponed due to the outbreak of COVID-19. The GoB also amended the terms of the Model Production Sharing Contract (PSC) in 2019 to attract greater international bidding interest, including reintroducing a provision to allow offshore drilling companies to export any gas Petrobangla refuses to buy.

In March 2017, without a public tender, the government and state-run Petrobangla signed a production sharing contract with POSCO Daewoo Corporation of South Korea for oil and gas exploration in deep sea block 12. The Bangladesh government processed Daewoo's proposal under the "Prompt Power and Energy Supply (Special) Act-2010," under which there was no open competitive bidding process. This was the first time a PSC was signed under the special act.

#### Leading Sub-Sectors

**LNG Imports:** Bangladesh has turned to liquefied natural gas imports in recent years to help meet its burgeoning fuel demands. The country set up its first floating storage and regasification unit (FSRU) in Moheshkhali in 2018, which a U.S. energy company developed and will operate it for 15 years. Bangladesh currently has two FSRUs with a total LNG supply capacity of 1,000 million cubic feet per day (MMCFD). The Government of Bangladesh has plans to build two additional LNG regasification terminals in the southern coastal areas of Payra and Matarbari, at least one of which will be land based.

Solar Power: Bangladesh has successfully managed to implement a large-scale Solar Home System (SHS) project with over 4.2 million SHSes installed nationwide. Although Prime Minister Sheikh Hasina has publicly supported expanding renewable energy use in Bangladesh, renewable energy made up only 1.3 percent of the country's on-grid electricity supply capacity as of June 2020. Scarcity of land, high renewable energy tariffs, and the relatively high initial cost of setting up renewable energy plants are among the obstacles to implementing large-scale, on-grid renewable energy projects, including solar power plants.

### **Opportunities**

Bangladesh may have sizable reserves of untapped gas in its offshore blocks in the Bay of Bengal. Geologists have indicated prospects are good for locating gas, but commercially viable reserves have yet to be confirmed. More concrete information will be available after completion of a seismic survey.

In addition to offshore deep-water exploration, possibilities exist for reinvigorating aging brown fields; further developing onshore gas fields; overhauling roads, waterways, and infrastructure to facilitate fuel transport; and building terminals and pipeline infrastructure to carry imported LNG and drilled natural gas to distribution hubs. Long-term, changes in energy and business policies and regulations could provide commercial opportunities for deploying advanced energy technologies, including renewable energy, distributed energy resources, energy-efficient technologies, high-quality and reliable energy solutions, off-grid energy solutions, sustainable building technologies, and air pollution control systems.

Incentives provided to foreign investors in the energy sector include:

- A tax exemption on royalties and technical know-how and assistance fees, and facilities for their repatriation;
- A tax exemption on interest paid on foreign loans;
- A tax exemption on capital gains from transfers of shares by the investing company;
- Avoidance of double taxation for foreign investors on the basis of bilateral agreements;
- Exemption from income tax payments for up to three years for the expatriate personnel employed in approved industries;
- Approved remittance of up to 50 percent of salary for foreigners employed in Bangladesh as well as facilities for repatriation of their savings and retirement benefits at the time of their return;
- No restrictions on issuance of work permits for project-related foreign nationals and employees; and
- Facilities for repatriation of invested capital, profits, and dividends.

### **Web Resources**

[Energy and Mineral Resources Division](#)

[Power Cell \(Power Division\)](#)

[Bangladesh Power Development Board](#)

[Petrobangla](#)

[South Asia Regional Initiative for Energy Cooperation and Development \(SARI/Energy\)](#)

[Bangladesh Petroleum Exploration and Production Company Limited](#)



## Agriculture Equipment and Inputs

### Overview

A rising middle class (estimated at over 30 million) has fueled demand for high quality agricultural products. According to the BBS, for FY 2017-18, crops, livestock, fisheries, and forest products accounted for about 14.23 percent of Bangladesh's total GDP and employed approximately 40 percent of the total population. Most agricultural production in Bangladesh is characterized by traditional subsistence farming. Bangladesh produces a variety of agricultural products such as rice, wheat, corn, legumes, fruits, vegetables, chicken meat, fish, and seafood. Rice is the main staple in the Bangladeshi diet. Lack of arable land and limited natural resources increase the importance of developing new agricultural technologies, such as salt tolerant or submergence tolerant seed varieties, to help increase productivity and meet future demand. Strikes, floods, cyclones, and drought can also affect agricultural productivity levels and incomes.

Although Bangladesh imports bulk commodities such as wheat, soybeans, and pulses, there are niche segment opportunities for high-value agricultural product imports, particularly in more affluent urban centers such as Dhaka and Chittagong. Strong consumer demand exists for imported fresh fruits, tree nuts, and dairy products, as well as processed food products.

	2015	2016	2017	2018	2019 (Estimated)
Total Local Production	\$28,365	\$30,424	\$33,374	\$35,882	\$38,095
Total Exports	\$1,619	\$1,488	\$1,625	\$1,418	\$1,600
Total Imports	\$6,653	\$5,991	\$9,470	\$5,952	\$8,000
Imports from the U.S.	\$494	\$496	\$889	\$1,087	\$1,300
Total Market Size	\$33,398	\$34,927	\$41,219	\$40,417	\$44,495
Exchange Rates	78	79	81	82	84

(\$U.S. millions; total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

The processed food industry accounts for approximately 12.8 percent of all manufacturing production value and employs six percent of the manufacturing labor force. The industry employs 1.3 percent of the country's total labor force and the sector is dominated by small- and medium-sized enterprises strongly linked to local production. There are nearly 292 medium-sized food manufacturing enterprises in the country processing baked goods, confectionery items, fruits and vegetables, cereals, dairy goods, fruit juices, and various other foods and beverages.

### Opportunities

Agricultural equipment and technology; agriculture inputs, including feed, seeds, and fertilizer; dairy processing equipment; fish processing equipment; canning equipment and technology; agriculture infrastructure consulting services and solutions, including silos and cold chain/coldstorage facilities.

### Web Resources

[Ministry of Agriculture](#)

[Bangladesh Agricultural Research Council](#)

[Food and Agriculture Organization](#)

[Ministry of Food](#)

[Ministry of Livestock and Fisheries](#)

[Ministry of Textile and Jute](#)

[Ministry of Commerce](#)

## **Information and Communication Technology (ICT)**

### **Overview**

Dhaka is emerging as a freelance IT and IT-enabled services outsourcing (ITES) center. The ICT sector in Bangladesh is poised for continued expansion. According to the International Telecommunication Union (ITU) the number of internet users nearly tripled from 6.5 percent of the population in 2013 to 18.02 percent in 2017. The Bangladesh Telecommunication Regulatory Commission (BTRC) puts total internet subscribers at 102.1 million as of May 2020, which is nearly 62 percent of the population. According to BTRC, while only 5 percent of the population has a fixed-broad band connection, 57 percent of the population has a mobile-broad band subscription. Bangladesh still ranks 147 out of 176 on the ITU's ICT Development Index 2017, an annual report that captures the level of ICT development. According to the Bangladesh Association of Software and Information Services (BASIS), over 1,500 software and IT-related companies have registered in Bangladesh. The ICT sector, excluding telecommunications, employs around one million professionals, while ICT exports are estimated to be worth over \$1 billion, with North America the main destination. This growth in the ICT sector is expected to create demand for services, including training and equipment export opportunities for U.S. businesses.

### **Leading Sub-Sectors**

ICT Infrastructure and Equipment, including telecommunications towers and related infrastructure; Data Centers and related equipment and services.

### **Opportunities**

Mobile Applications; Data and Content Development; Online Healthcare and Government Services Solutions; eCommerce Applications and Solutions.

### **Web Resources**

[Bangladesh Telecommunication Regulatory Commission](#)  
[Bangladesh Association of Software and Information Services](#)  
[e-Commerce Association of Bangladesh \(e-Cab\)](#)  
[Information and Communications Technology \(ICT\) Division](#)

## **Infrastructure Development and Engineering Services**

### **Overview**

Infrastructure bottlenecks are among the largest inhibitors of economic growth in Bangladesh. According to the Dhaka Chamber of Commerce and Industry, Bangladesh will need to invest nearly \$25 billion annually through 2030 to meet its infrastructure needs.

The substantial infrastructure needs offers opportunities for U.S. infrastructure development and engineering services. Many donor-funded infrastructure projects require foreign consultant services. While Asian firms are sometimes more cost-competitive in construction work, government and private firms have turned to U.S. consultants for specialized engineering and construction oversight for major infrastructure projects including roads, bridges, highways, land and sea ports, oil refinery, and grain silo projects.

### **Leading Sub-Sectors**

Sea and River Dredging; Transportation Infrastructure; Port Development.

### **Opportunities**

Heavy equipment; Engineering and Consulting Services.

Web Resources

[Roads Transportation and Highways Department](#)

[Bridges Division](#)

[Bangladesh Association of Construction Industry](#)

[Ministry of Shipping](#)

[Ministry of Water Resources](#)

[Bangladesh Inland Water Transport Authority \(BIWTA\)](#)

[Local Government Engineering Department](#)

## Textiles and Apparel

### Overview

The export-oriented RMG sector in Bangladesh started as a small non-traditional export sector in the late 1970s. Within three decades, RMG has transformed itself into the country's highest revenue generating sector, contributing over 80 percent of Bangladesh's total exports. From spinning to weaving, from knitwear to leisurewear, the textiles and clothing industry designs and produces for the world's leading brands and retailers. This rapidly growing sector of the Bangladeshi economy offers a unique competitive edge that supports profitable expansion into new strategic markets.

#### Sector highlights:

- Low-cost and high-quality products that are produced on time, reliably and very competitively with a skilled work force;
- A unique regional location for expansion into key Asian and other markets;
- Privileged access to large markets including the EU, Japan, Canada, and India; and
- Clusters of companies providing a local supplier base with depth in skilled labor, training, and technical development facilities.

In FY 2019-20, Bangladesh's RMG exports fell 18 percent to \$28.0 billion (out of \$33.67 billion in total exports) as demand in major markets in Europe and North America dropped following the outbreak of COVID-19. Despite the challenges posed by the global pandemic, global competition, factory safety issues, and infrastructure deficiencies, the long-term outlook for the RMG sector remains positive. As competitors such as China are moving up the value chain, value apparel manufacturing is shifting to cost effective players such as Bangladesh. However, Bangladesh has also begun efforts to move up the value chain and to produce more capital-intensive products, including footwear and more complicated garments. In response to COVID-19, a number of Bangladeshi RMG firms have also started producing personal protective equipment (PPE), including for export.

Amid pressure from international retailers as well as the U.S. government and the European Union, many Bangladeshi factories have improved their safety standards and compliance norms. This has also created an opportunity for exports of U.S. safety equipment.

	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020
Total Local Production	N/A	N/A	N/A	N/A	N/A
Total Exports	28,094,160,000	28,149,840,000	30,614,760,000	34,133,273,077	27,949,186,800
Total Imports	N/A	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A	N/A
Total Market Size	N/A	N/A	N/A	N/A	N/A
Exchange Rates	78	80	82	84	85

(\$U.S. millions; total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

Backward linkages include zippers, buttons, yarn, and other inputs. Other sub-sectors include garment and textile labels and packaging.

### Opportunities

Cotton, yarn, and other garment and textile inputs; Garment and textile production equipment; Chemicals; Fire and Building Safety Equipment; Fashion and design consulting and services.

**Web Resources**

[Bangladesh Garment Manufacturers and Exporters Association \(BGMEA\)](#)

[Bangladesh Knitwear Manufacturers and Exporters Association \(BKMEA\)](#)

[Bangladesh Textile Mills Association \(BTMA\)](#)

[Nirapon](#)

[The Accord](#)

## **Defense/Security Equipment and Services**

### **Overview**

The Government of Bangladesh is actively seeking to upgrade its military and security capabilities and has allocated increasing amounts to its defense and security-related budget. Terrorist attacks, including attacks on Bangladeshi security forces, have also increased the demand for security and defense services and equipment.

Bangladesh's \$66.8 billion national budget in fiscal year 2020-21 included a 6.13 percent (\$4.1 billion) allocation for defense and 4.0 percent (\$2.67 billion) allocation for public security. These allocations grew steadily from 2016 to 2019, but stagnated in fiscal year 2020-21 in the wake of the COVID-19 pandemic. According to analysis from research consultancy Strategic Defense Intelligence (SDI), the Bangladeshi defense industry is largely underdeveloped with only limited domestic suppliers. As a result, most of Bangladesh's defense and security equipment and service needs are met through tenders of government contracts with foreign suppliers.

The Directorate General of Defense Procurement (DGDP) manages procurements for the Ministry of Defense and the various armed forces, including the Army, Navy, and Air Force. The Ministry of Home Affairs's procurement office manages the Ministry's procurements, while the Public Procurement Act of 2009 governs them. Tenders for security and defense equipment and services are frequently open only to international bidders. Low pricing remains an issue for U.S. bidders, especially for items that can be procured regionally.

### **Leading Sub-Sectors**

Cyber security

### **Opportunities**

Personal protective equipment; Surveillance equipment; Communication equipment; Aircraft; Helicopters; Naval vessels; Security consulting services.

### **Web Resources**

[Ministry of Home Affairs](#)

[Ministry of Defense](#)

[Directorate General of Defense Procurement \(DGDP\)](#)

[Ministry of Finance](#)

## **Education**

### **Overview**

The Government of Bangladesh has made laudable progress in expanding access to education and improving educational attainment rates since the country's independence in 1971. The net enrollment rate in primary education reached 98 percent in 2018, according to the Government of Bangladesh's 2019 Annual Sector Performance Report. Bangladesh Bureau of Statistics figures indicate the adult literacy rate increased from 46 percent in 2001 to 73 percent in 2018.

Bangladesh's tertiary education is made up of three systems: universities/colleges, Madrasa or Islamic education, and vocational education/trade schools. Although enrollment rates for tertiary education doubled over the past decade, they remained at only 20.57 percent in 2018, according to the UNESCO Institute for Statistics.

The lack of high-quality educational opportunities which meet international standards, combined with the growing college-age population and the emergence of a growing middle class, has led to a surge in outbound student flows from Bangladesh. The number of Bangladeshi nationals enrolled in degree programs abroad almost quadrupled in the 12 years between 2005 and 2017, from 15,000 to over 57,000, according to UNESCO. In 2019, over 8,250 Bangladeshi students pursued overseas tertiary education in the United States according to the Institute of International

Education's 2019 Open Doors report, which collects data from over 3,000 U.S. higher education institutions and other surveys.

According to the 2019 Open Doors report, 64 percent of Bangladeshi students in the United States studied at the graduate level in 2018, 20.7 percent at the undergraduate level, and 14 percent pursued Optional Practical Training. In addition, over 75 percent of all Bangladeshi students in the United States pursue degrees in science, technology, engineering, or mathematics (STEM). According to data attributed to the Department of Commerce's Bureau of Economic Analysis, Bangladeshi students in the United States had a \$307 million economic impact in the 2018/2019 academic year.

### **Leading Sub-Sectors**

Graduate and undergraduate programs.

### **Opportunities**

Science, technology, engineering, mathematics, economics, and business studies.

### **Web Resources**

[Bangladesh Ministry of Education](#)

[Bangladesh University Grants Commission](#)

### **eCommerce**

Additional information regarding the e-Commerce sector is available in the "e-Commerce" sub-section under "Selling U.S. Products & Services."



## Healthcare and Pharmaceuticals

### Overview

The healthcare sector in Bangladesh has experienced increased growth in recent years. Bangladesh is the only least developed country (LDC) that meets nearly 98 percent of its domestic demand for pharmaceutical products, with a market size of nearly \$2.5 billion. In addition, Bangladeshi pharmaceutical products are exported to approximately 150 countries and generated \$136 million in fiscal year 2019-20. With an annual two-digit growth rate, the Bangladesh pharmaceutical industry is now heading towards self-sufficiency in meeting local demand. There are more than 300 small, medium, and large enterprises operating in the country producing pharmaceuticals; the top ten producers make up approximately two-thirds of the market.

The Government of Bangladesh encourages foreign companies to partner with local companies in producing drugs and high-tech and specialized products. Regulations have eased, allowing foreign companies to export medical products to Bangladesh.

Bangladesh offers opportunities for U.S. exporters of high-end medical equipment, surgical instruments, diagnostic equipment, and services. Imported medicines and medical devices are subject to customs duties depending on types and classes. Anti-cancer drugs, vaccines, hormonal contraceptives, and other products can be imported without tax. The medical device sector is not currently strictly regulated, although a policy for doing so has been drafted and awaits approval. To enter the healthcare sector in Bangladesh a company is required to provide the necessary application and supporting documents. For pharmaceutical companies, applications go to the [Directorate General of Drug Administration \(DGDA\)](#).

The [Ministry of Health and Family Welfare \(MOHFW\)](#) is responsible for formulating national-level policy, planning, and decision-making concerning healthcare and education. The national-level policies, plans, and decisions are translated into action by various implementing authorities and healthcare delivery systems across the country, from the national to the community level. The Ministry and its relevant regulatory bodies also have indirect control over the healthcare system of the NGOs and the private sector. The majority of high quality medical institutions are centered in the city of Dhaka which acts as the hub for disseminating medical services across the country.

Any direct foreign investor in Bangladesh must submit a project proposal to the [Bangladesh Investment Authority \(BIDA\)](#) for review before receiving approval. Once registered with BIDA, companies investing in hospitals and medical education must obtain a license from the [Directorate General for Health Services \(DGHS\)](#). Pharmaceutical and medical device companies in turn must go through DGDA for licensing. However, companies seeking these licenses need to be vetted by the Ministry of Health and Family Welfare, the main entity responsible for all healthcare sub-sectors.

### Leading Sub-Sectors

Medical Devices; Clinical Lab Trials; Waste Management; Safe Water Drinking; Sanitation Coverage.

### Opportunities

Dietary Supplements; Pharmacovigilance; Cosmetics; Veterinary and Human Vaccines; Disease Modifying Drugs; Hormonal Therapies.

### Web Resources

[Bangladesh Investment Development Authority \(BIDA\)](#)

[Bangladesh Association of Pharmaceutical Industries](#)

## Customs, Regulations and Standards

### Trade Barriers

In addition to high tariff rates and supplementary duties, Bangladesh has registration procedures and other regulatory requirements which often impede market access.

Foreign companies are allowed to provide services in Bangladesh, except in sectors subject to administrative licensing processes. Yet, new market entrants face significant restrictions and the process for establishing legal entities is subject to strict regulatory requirements. There have been reports licenses are not always awarded transparently. Transfer of control – defined as the ability to control the board of directors or a majority of directors – of a business from local to foreign shareholders requires prior approval from the Bangladesh Bank.

In 2016, the Bangladesh Investment Development Authority (BIDA) was formed from the merger of the Board of Investment and the Privatization Commission to serve as Bangladesh’s singular private investment promotion and facilitation agency. In May 2020, BIDA announced rules to implement the One Stop Service Act of 2018, which aims to improve the ease of doing business in Bangladesh. In addition to BIDA, the Government of Bangladesh has formed three other Investment Promotion Agencies (IPAs) – the Bangladesh Export Processing Zone Authority (BEPZA), Bangladesh Economic Zones Authority (BEZA), and Bangladesh Hi-Tech Park Authority (BHTPA) – to promote investment and offer “one-stop” services to investors.

Bureaucratic inefficiencies often discourage investment in Bangladesh. Overlapping administrative procedures and a lack of transparency in regulatory and administrative systems can frustrate investors seeking to undertake projects in the country. Frequent transfers of top- and mid-level officials in various Bangladeshi ministries, directorates, and departments are disruptive and prevent timely implementation of both strategic reform initiatives and routine duties.

Repatriation of profits and external payments are allowed under current law, but U.S. and other international investors have raised concerns outbound transfers from Bangladesh remain cumbersome and applications to repatriate profits or dividends can be held for additional information gathering or otherwise delayed, if tax disputes arise. Government officials cite concerns that allowing even limited outward transfers would lead to a flood of capital from Bangladesh, in order to delay or prevent repatriation of profits and external payments.

U.S. and other international companies have raised concerns that the National Board of Revenue has arbitrarily reopened sometimes decades-old tax cases, with particular targeting of cases involving multinational companies.

Extortion of money from businesses by individuals claiming political backing is common in Bangladesh. Other impediments to business include transportation blockades called by political parties, which can both keep workers away and block deliveries, resulting in productivity losses. Vehicles and other property are at risk from vandalism or arson during such blockades, and looting of businesses has also occurred.

Land disputes are common, and both U.S. companies and citizens have filed complaints about fraudulent land sales. For example, sellers fraudulently claiming ownership have transferred land to good faith purchasers while the actual owners were living outside of Bangladesh. In other instances, U.S.-Bangladeshi dual citizens have purchased land from legitimate owners only to have third parties make fraudulent title claims to extort compensation.

Likewise, corruption remains a serious impediment to investment in Bangladesh. While the government has established legislation to combat bribery, embezzlement, and other forms of corruption, enforcement is inconsistent.

For more information and help with trade barriers please contact:

[International Trade Administration Enforcement and Compliance](#)

(202) 482-0063

[ECCcommunications@trade.gov](mailto:ECCcommunications@trade.gov)

## **Import Tariffs**

The Import Policy Order is the primary legislative tool governing customs tariffs. Tariffs are a significant source of government revenue, which greatly complicates efforts to lower tariff rates.

Bangladesh levies tariffs at four primary levels of imported goods, and publishes the applied rates on the [Bangladesh Customs website](#). Generators, information technology equipment, raw cotton, textile machinery, certain types of machinery used in irrigation and agriculture, animal feed for the poultry industry, certain drugs and medical equipment, and raw materials imported for use in specific industries are generally exempt from tariffs. Samples in reasonable quantities can be carried by passengers during travel and are not subject to tariffs; however, samples are subject to tariffs if sent by courier.

The average Most Favored Nation (MFN) tariff rate is 14.0 percent, with average rates for agricultural products higher than for industrial goods. The maximum MFN applied rate is 25 percent. Products subject to rates of from 5 to 25 percent include general input items, basic raw materials, and intermediate and finished goods. Bangladesh provides concessions for the import of capital machinery and equipment, as well as for specified inputs and parts, which makes determinations of tariff rates a complex and non-transparent process. Other charges applicable to imports are an advance income tax of 5 percent; a value-added tax of zero to 15 percent, with exemptions for input materials previously mentioned; and a supplementary duty of zero to 500 percent, which applies to luxury items such as cigarettes, alcohol, and perfume.

Bangladesh has abolished excise duties on all locally produced goods and services, with certain exceptions. For example, services rendered by banks or financial institutions are subject to a tax on each savings, current, loan, or other account with balances above defined levels, and certain taxes apply to airline tickets.

## **Import Requirements and Documentation**

In general, documents required for importation include a letter of credit authorization form, a bill of lading or airway bill, commercial invoice or packing list, and a certificate of origin. For certain imported items or services additional certifications or import permits related to health, security, or other matters are required by the relevant government agencies. Reduced documentation requirements apply for the public sector.

Bangladesh imposes registration requirements on commercial importers and private industrial consumers. In some cases, the registrations specify the maximum dollar values of imports. Commercial importers are defined as those who import goods for sale without further processing. Private industrial consumers are units registered with one of four sponsoring agencies: the [Bangladesh Export Processing Zones Authority \(BEPZA\)](#), for industries located in Export Processing Zones (EPZs); the [Bangladesh Small and Cottage Industries Corporation \(BSCIC\)](#), for small and medium-sized enterprises; the [Bangladesh Handloom Board](#), for handloom industries run by weavers' associations engaged in preserving classical Bangladeshi weaving techniques; and the [Bangladesh Investment Development Board \(BIDA\)](#), for all other private industries.

Commercial importers and private industrial consumers (with the exception of those located in EPZs) must register with the [Chief Controller of Imports and Exports \(CCIE\)](#) within the Ministry of Commerce, who issues import registration certificates (IRC). An IRC is generally issued within three working days of receipt of the application. Commercial importers are free to import any quantity of non-restricted items. For industrial consumers, the IRC specifies the maximum value (the "import entitlement") for each product that the industrial consumer may import each year, including items on the restricted list of imports. The import entitlement is intended as a means to monitor imports of raw materials and machinery, most of which enter Bangladesh at concessional duty rates.

## **Labeling and Marking Requirements**

Sellers should seek specific guidance from buyers. Outer containers should bear the consignee name and port marks should be numbered according to the packing list, unless the contents are otherwise readily identifiable. Outer containers weighing more than one ton must have the gross weight written on the top and two sides.

All goods must show the country of origin in large indelible letters, preferably in English, on the label or container.

Imported goods (including containers) must not bear any words or inscriptions of a religious connotation, the use or disposal of which may injure the religious beliefs of any of Bangladesh's citizens. In addition, imported goods should not bear obscene pictures, writing, inscriptions, or visible representations.

Drugs, pharmaceuticals, pesticides, insecticides and chemicals are subject to special marking regulations.

Milk and baby food are subject to special regulations such as special marking or packaging requirements (e.g. a measuring spoon must be supplied in all containers of dehydrated baby food; milk must be imported in tin containers). All food products must contain expiration dates on the packaging.

Pesticide containers must be labeled with the chemical contents and meet other specifications. Containers must also indicate the manufacturer's name, net weight, or quantity of contents and should bear a cautionary note with instructions for the safe handling and use of the product.

### **U.S. Export Controls**

Exports of goods and services to Bangladesh are generally permitted, subject to U.S. laws and regulations governing exports of certain goods. Information on the application of U.S. export controls to a company's products is available from U.S. Export Controls and Licenses and the Bureau of Industry and Security.

The Department of Commerce provides a consolidated list of the export screening lists of the Departments of Commerce, State and the Treasury.

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the bona fides of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#), or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a list of [upcoming seminars and webinars](#).

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade

Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations).

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL Application Programming Interface (API) consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Agents and representatives of foreign manufacturers are allowed to import machinery and equipment from their principals for purposes of demonstration or exhibition subject to the following conditions:

- The goods brought into Bangladesh will be re-exported within a period of one year;
- The importer executes a bond and furnishes a bank guarantee of understanding or a legal instrument to the satisfaction of Customs at the time of clearance indicating that the goods will be re-exported in a timely manner;
- If the goods include any banned or restricted items, prior permission is required from the CCI&E.

Equipment or machinery imported on a temporary basis may be exempt from duty if the importer obtains an import/export permit.

### **Prohibited and Restricted Imports**

Bangladesh places controls on imports of some items currently listed in the [Import Policy Order 2015-2018](#) at the [website of the Office of the Chief Controller of Imports and Exports](#).

On February 15, 2016, the Government of Bangladesh introduced the Import Policy Order of 2015-2018 which remains valid in the absence of a new import policy order. The Order emphasizes easing the import of raw materials for use in export-oriented industries. The country of origin must be noted on all products, product packaging, or containers. However, for imports of coal, cotton, aluminum, and export-oriented garments and industrial-related raw materials, the country of origin is not required. Nuclear radiation tests are mandatory for imported milk, dairy, edible oil, vegetable seeds, grains, and other food products. Such certification should also be submitted to Customs authorities. The U.S. Department of Agriculture Office Affairs in Dhaka can assist with applications for radiation certificates. Non-commercial importers (individuals and organizations) may import goods worth seven thousand dollars for personal use; with permission, non-commercial importers may import more than seven thousand dollars' worth of goods. To import abandoned ships (scrap vessels), the exporter or owner must have a certification and the importer must issue a declaration to the effect that "toxic or hazardous waste is not being transported."

Items banned on religious, social, health, or economic policy grounds include illegal drugs, materials that would offend religious sensitivities, certain agricultural products, and several types of reconditioned equipment. In addition, the importation of goods from Israel and shipment of goods on vessels operating under the Israeli flag are prohibited. Additional items are restricted, but not banned, from import for religious, social, health, security, or trade reasons. Of the restricted items, some may be imported with prior permission, while other items may be imported only by authorized industrial users (e.g., pharmaceutical enterprises) or government agencies (e.g., arms and ammunition).

### **Customs Regulations**

Bangladesh Customs operates under the [National Board of Revenue \(NBR\)](#), which is the lead tax collection agency in Bangladesh. NBR is part of the Internal Resources Division (IRD) under the Ministry of Finance. The Customs wing of NBR formulates policies concerning the levy and collection of customs duties and related taxes. For more information, please visit the [NBR website](#).

U.S. companies have reported difficulties with Customs processing. Delays are common and there are frequent allegations of corruption.

## Standards for Trade

### Overview

The [Bangladesh Standards and Testing Institution \(BSTI\)](#) monitors product quality and acceptability. BSTI inspects products for conformity with applicable product standards and safety regulations, and issues product certifications. The [Bangladesh Accreditation Board \(BAB\)](#) is the government agency tasked with accreditation in Bangladesh.

### Standards

Quality standards are set and monitored by the Bangladesh Standards and Testing Institution (BSTI) following international standards, such as those established by the International Standards Organization. Bangladesh also recognizes and accepts goods bearing certifications from standards institutions of other countries.

### Testing, inspection and certification

The main national testing organizations and conformity assessment bodies include:

- [Bangladesh Standards & Testing Institute \(BSTI\)](#)
- [Bangladesh Telecommunication Regulatory Commission \(BTRC\)](#)
- [Energy Regulatory Commission \(ERC\)](#)
- [Water Supply and Sewerage Authority \(WASA\)](#)
- [Directorate General of Drug Administration \(DGDA\)](#)
- [Training Institute for Chemical Industries \(BCIC\)](#)
- [Bangladesh Centre for Scientific and Industrial Research \(BCSIR\)](#)
- [Fisheries Inspection & Quality Control \(FIQC\), Department of Fisheries](#)
- [Bangladesh Atomic Energy Commission \(BAEC\)](#)
- Central Drug Testing Laboratory (CDTL)
- [Department of Public Health Engineering \(DPHE\)](#)

The national accreditation body, the [Bangladesh Accreditation Board \(BAB\)](#), is tasked with accrediting conformity assessment bodies, including laboratories, certification bodies, inspection bodies, training institutions, and other regulatory standards and national standards bodies. BAB is a member of the International Laboratory Accreditation Cooperation (ILAC). International certification and testing bodies operate in Bangladesh.

### Publication of technical regulations

The Bangladesh Government Press the government printing office, publishes the weekly “[Bangladesh Gazette](#)” every Thursday. The gazette provides official notice of government actions, including issuance of government rules and regulations.

### Contact Information

#### [The Bangladesh Standards and Testing Institution \(BSTI\)](#)

Maan Bhaban  
116-A Tejgaon Industrial Area  
Dhaka-1208, Bangladesh  
Phone: +880 2-8870275

#### [Bangladesh Accreditation Board](#)

Ministry of Industries (6th Floor)  
91 Motijheel C/A  
Dhaka-1000, Bangladesh  
Phone: +880 2-9513221

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (<http://www.nist.gov/notifyus>) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

## **Trade Agreements**

Additional information regarding Bangladesh's free trade agreements is available in the Investment Climate Statement's "Bilateral Investment Agreement and Taxation Treaties" section.

## **Licensing Requirements for Professional Services**

Licensing requirements vary by industry. Professional accreditation and licensing organizations include:

- [Institute of Chartered Accountants of Bangladesh](#)
- [The Bangladesh Medical and Dental Council](#)
- [The Institution of Engineers, Bangladesh](#)
- [Institute of Chartered Secretaries and Managers of Bangladesh](#)
- [Bangladesh Nursing and Midwifery Council](#)
- [Pharmacy Council of Bangladesh](#)
- [Non-Government Teachers' Registration and Certification Authority](#)

## **Selling U.S. Products & Services**

### **Distribution & Sales Channels**

#### **Overview**

The primary channels for distribution and sales of U.S. goods in Bangladesh are through resident agents, representatives, and licensed distributors. Many of Bangladesh's imports are purchased through tender or direct purchase by public sector corporations, autonomous bodies, and government-controlled corporations. These agencies often prefer to deal with local firms acting as exclusive agents or licensed distributors of foreign manufacturers and suppliers. In the private sector too, businesses prefer to deal with agents to ensure after-sales service and a continuous supply of spare parts, as well as to resolve any future technical problems. Non-exclusive arrangements are common for commodities and products such as bulk agricultural commodities, chemicals, and metals, where brand names are not as important.

#### **Using an Agent to Sell U.S. Products and Services**

U.S. companies may appoint a Bangladeshi firm or individual as an exclusive or non-exclusive agent or distributor. The local agent should be reputable, imaginative, active, politically astute, and technically competent. A local agent may be authorized to service industrial consumers, to bid on government tenders, and to place orders or book indent orders.

U.S. exporters are cautioned to carefully screen any potential agents working on their behalf. The U.S. Embassy's experience suggests a significant proportion of local agents do not adhere to U.S. standards of business ethics. Many local agents admit to having paid bribes and using undue influence to get a public procurement contract awarded. Companies need to exercise caution when hiring local agents and thoroughly educate them about acceptable business practices. Companies should monitor local agents' activities closely. Personal interviews are useful in discussing a

business proposal with a potential agent or distributor. Close political ties with the current government do not automatically guarantee success, as new governments have delayed or re-tendered deals approved by their predecessors.

U.S. firms looking for agents or distributors in Bangladesh may contact a district Department of Commerce office or the U.S. Trade Center in Dhaka ([ustc-dhaka@state.gov](mailto:ustc-dhaka@state.gov)) to discuss fee-based commercial services that can assist in identifying and evaluating potential business partners. These services include: the International Partner Search (IPS) service providing a list of pre-screened companies with experience in different fields; the International Company Profile (ICP) service providing background information on a specific company, including sales and after-sales capabilities, as well as bank and trade references; the Initial Market Check (IMC) providing an initial assessment of the market potential for a U.S. company's product or service; the Single Company Promotion (SCP) service introducing new-to-market U.S. companies to the Bangladesh market by providing promotional events, workshops, and seminars; and the Gold Key Service (GKS) providing full-service support to U.S. companies including U.S. Embassy briefings, scheduling of meetings with local firms, and offering logistical support for visiting U.S. companies. Details on these services are available at [the United States Embassy in Bangladesh Business Website](#).

#### Establishing an Office

In Bangladesh, a liaison office acts as a channel of communication between the principal place of business or head office overseas and entities within Bangladesh. A liaison office cannot undertake any commercial activity directly or indirectly and cannot, therefore, earn any income in Bangladesh. Its role is limited to collecting information about possible market opportunities and providing information about the company and its products to prospective Bangladeshi customers. It can promote trade with Bangladesh and also facilitate technical/financial collaboration between the parent company and local companies.

Approval for establishing a liaison office in Bangladesh is granted by the [Bangladesh Investment Development Authority \(BIDA\)](#) and the [Bangladesh Bank \(BB\)](#).

Foreign companies engaged in manufacturing and trading activities abroad are allowed to set up Branch Offices in Bangladesh for the following purposes:

- Export and import of goods;
- Providing professional or consultancy services;
- Carrying out research work in which the parent company is engaged;
- Promoting technical or financial collaboration between Bangladeshi companies and the parent or overseas group company;
- Representing the parent company in Bangladesh and acting as buying or selling agents;
- Providing services in Information Technology and development of software in Bangladesh;
- Providing technical support for the products supplied by a parent or group companies;
- Foreign airlines, shipping companies, and foreign consultancy firms (educational/professional institutions).

A branch office is not allowed to carry out manufacturing activities on its own, but it is permitted to subcontract them to a Bangladeshi manufacturer. Branch offices established with the approval of BIDA/BB may remit outside profits of the branch, net of applicable taxes and subject to BIDA/BB guidelines. Permission for setting up branch offices is granted by the Board of Investment (BOI) and the BB. If a company is interested in opening a branch, liaison, or representative office in Bangladesh, it should carefully follow the guidelines and procedures mentioned in the relevant forms. Please visit [the BIDA list of downloadable forms](#) for more information.

Foreign companies/principals may not need to register/incorporate their businesses locally and can operate through their local partners or agents. A local agent may be authorized to service industrial consumers, to bid on government tenders, or to place orders or book indent orders. U.S. companies may use their local partner's Import Registration Certificate (IRC) to import goods into Bangladesh.\* Local partners obtain their Import Registration Certificates and Export Registration Certificates (ERCs) from the Office of the Chief Controller of Imports & Exports ([CCI&E](#)). The



local partner will act as the foreign principal's on-the-ground agent to undertake various business activities such as creating awareness and marketing their principal's products in Bangladesh, identifying and establishing a client base, and allocating space for a showroom to display products.

\* Please note: foreign branch, liaison, or representative offices usually have Commercial Trade IRCs.

#### Franchising

Bangladeshi companies continue to show strong interest in opening U.S. franchises. There are no regulations barring franchise operations and growing access to global supply chains has improved product quality and reliability. Sbarro Inc., Tony Roma's, Johnny Rockets, Domino's Pizza, Krispy Kreme Doughnuts, Pizza Hut, Burger King, Cold Stone Creamery, Tapout Fitness, and other U.S. companies have successfully opened franchises in Bangladesh. Bangladesh has a growing middle class and a sizeable percentage of the population spends on foods and beverages. Bangladesh's 165 million people are also located in a small geographic area, thereby providing a large and geographically concentrated consumer base.

#### Direct Marketing

While there are no laws in Bangladesh regulating or prohibiting direct marketing for product distribution, the Embassy is only aware of companies using direct marketing distribution for basic services in rural areas (solar electricity, mobile finance, and technical advice for fertilizer/agricultural inputs) in Bangladesh.

#### Joint Ventures/Licensing

Bangladeshi businesses are eager to collaborate with foreign partners, and the Government of Bangladesh has significantly improved conditions for joint ventures in recent years. Local businesses are particularly receptive to joint ventures in which the foreign partner provides foreign exchange capital, equipment, technology, and expertise, and the local partner provides land, real estate, and knowledge of the domestic market. Ventures with 100 percent foreign ownership are also permitted, but they may encounter greater operational difficulties than those with some local ownership.

Any foreign firm incorporated outside of Bangladesh must be registered in Bangladesh in order to carry out business. Business firms are incorporated and registered under the provisions of the Companies Act of 1994. Foreign investors normally form corporations in Bangladesh. Two broad categories of corporations exist: public and private. Companies of either type may be limited or unlimited. The liability of the shareholders of a limited company is restricted to the amount of share capital subscribed by them or held in their name. The liability of the shareholders of an unlimited company is not as restricted.

For [step-by-step procedures](#) for establishing businesses, including joint ventures, in Bangladesh, please visit the [BIDA website](#).

If a foreign company wishes to invest in an industrial project (manufacturing unit) in Bangladesh, then additional guidelines also apply. Please visit the following links for more information:

[Bangladesh Investment Development Authority \(BIDA\) – Download Forms](#)

[BIDA – Step by Step Procedure](#)

[BIDA – Industrial Land](#)

[BIDA – Utility Connections](#)

[BIDA – Business Licenses](#)

[BIDA – Business Laws](#)

BIDA also provides online business services starting from business registration, registration tracking services, visa invitation letters, branch/liaison representative services, work permits, and other related services.

#### Express Delivery

A number of international express delivery companies are active in Bangladesh, including UPS, DHL, and FedEx. Deliveries from U.S. cities typically take 3-5 days with express services. Customs clearance can sometimes be delayed due to bureaucratic inefficiencies.

### Due Diligence

Traditional commercial instruments such as letters of credit may be used to protect buyers and sellers from basic transactional risks. When considering a more extensive commercial relationship, however, U.S. businesses are advised to exercise due diligence appropriate to the relationship. To check the bona fides of a bank, agent, or customer, U.S. firms can contact one of several Bangladeshi chambers of commerce or business associations. The U.S. Embassy's Trade Section may also be able to provide additional useful information. No fee is charged for primary information about firms. For a more detailed check, the U.S. Embassy offers the International Company Profile (ICP) as a fee-based service. An ICP is a confidential business report providing background information on individual Bangladeshi firms. Each report includes information on product lines, value and size of the business, volume of operations, business reputation, and trade references.

U.S. firms may request an ICP by contacting the U.S. Department of Commerce, the nearest Export Assistance Center in the United States (USEAC), or by directly contacting the [U.S. Trade Center](#).

### eCommerce

#### Overview

The eCommerce sector has seen dramatic growth since the early 2000's, when Bangladesh lacked widespread internet access or a reliable online transaction system. In 2009, the Bangladesh Bank, the country's central bank authority, began permitting online transactions. In 2013, the Bangladesh Bank also permitted the purchase and sale of goods and services online using international credit cards. According to the International Telecommunication Union (ITU), the number of internet users has nearly tripled from 6.5 percent of the population in 2013 to 18.2 percent in 2017 and continues to grow. While five percent of the population has a fixed-broad band connection, 57 percent of the population has a mobile-broad band subscription, according to the ITU. Nonetheless, Bangladesh still ranked 147 out of 176 on the ITU's ICT Development Index 2017, an annual report that captures the level of ICT development.

There are over 2,000 eCommerce sites and approximately 50,000 eCommerce pages on Facebook; Facebook remains a popular method for advertising and selling products. The industry has experienced robust growth in recent years, with the market growing from \$1.1 billion in 2017 to \$1.6 billion in 2019.

#### Current Market Trends

Currently, the following four types of eCommerce are popular in Bangladesh:

- Business-to-Business (B2B);
- Business-to-Consumer (B2C);
- Consumer-to-Consumer (C2C); and
- Business-to-Employees (B2E).

In order to facilitate eCommerce and encourage the growth of information technology, the Bangladeshis enacted the Information and Communication Technology (ICT) Act of 2006. The Act, amended in 2013, included provisions for imprisonment and/or fines for cyber-crimes. The enactment of the Act has had significant implications for e-commerce and mobile commerce users and companies in Bangladesh. The growth of the industry has been inhibited by low usage of credit and debit cards (cash remains the major payment method) and the unavailability of or restrictions on major online transaction sites such as PayPal. In March 2017, Bangladesh's central bank gave permission to state-owned Sonali Bank to launch online money-transfer services with PayPal in the country.

In 2018, the Alibaba Group acquired Daraz Group, one of the leading eCommerce companies in Bangladesh. Daraz announced in June 2020 it would invest \$59 million in Bangladesh by 2021 to improve the company's eCommerce logistics infrastructure, including its warehouse and sorting center.

The Government of Bangladesh withdrew the 49 percent maximum allowable shareholding limit on foreign E-commerce companies in June 2020, allowing 100 percent foreign-owned companies to operate in Bangladesh. COVID-19 social distancing measures significantly boosted demand for eCommerce services and led many brick and mortar businesses to launch online sales platforms.

Challenges to eCommerce in Bangladesh include:

- Inadequate delivery mechanisms;
- A relatively low internet penetration rate;
- The lack of a robust online transaction system;
- Prevalence of online fraud;
- Undeveloped online marketing practices; and
- The lack of a robust privacy policy.

#### Domestic eCommerce (B2C)

B2C websites have become popular in large urban areas, as evidenced by the growth of online food delivery sites such as HungryNaki and FoodPanda. Highly congested roads and poor driving conditions have also helped drive demand for home delivery services. Other examples of B2C initiatives include Facebook-based commerce platforms such as Shopr.bd and ShoptoBd, which allow Bangladeshi customers to purchase products from leading online shopping sites in the United States, the UK, India, and China.

C2C businesses are also growing. The leading players in this category include Bikroy, Ekhanei, and ClickBd. More recently, the C2C sector has seen some consolidation with Telenor Group purchasing CellBazar and Ekhanei.com purchasing playeOLX. Online employee recruitment is also growing, largely in the private sector. Leading online job advertisers and recruiters include: bdjobs.com, prothom-alojobs.com, and jobsA1.com.

#### Cross-Border eCommerce

Cross-border eCommerce remains largely inhibited by a viable online transaction system and capital controls that prevent most outward flows of foreign currency for consumer purposes. In addition, weak logistics infrastructure and irregular customs practices hinder the growth of cross-border eCommerce. However, leading logistics provider DHL publicly announced plans to invest in cross-border eCommerce in the future.

#### B2B eCommerce

Several B2B websites in Bangladesh are engaged in providing manufacturing and supply-chain solutions. For instance, the Bangladesh Garment Manufacturers Employee Association (BGMEA) has deployed B2B e-commerce solutions for international ready-made garment (RMG) orders and procurement, as have several large ready-made garment companies. There are also B2B websites that feature business directories, trade deals, and information about suppliers such as the [Bangladesh Business Guide](#), [Address Bazar](#), and [Bizbangladesh](#).

#### eCommerce Services

Many Bangladeshi companies engage in eCommerce services, including web design, domain name purchasing, secure hosting, digital marketing and advertising, app development, in-home services, and payment gateways, among others. A number of these companies provide services to clients abroad, especially in North America. According to the Oxford Internet Institute (OII), with nearly 500,000 active freelancers Bangladesh is now the second-largest supplier of online labor after India. Remitting payments from abroad into Bangladesh is generally not an issue. U.S.-based Payoneer is a leading site for processing online payments among freelancers in Bangladesh.

## eCommerce Intellectual Property Rights

The present system of trademark protection lacks a sufficient legal framework to protect intellectual property rights and opens the way for those ready to engage in unscrupulous business practices.

## Popular eCommerce Sites

Popular eCommerce websites in Bangladesh include:

- [BDJobs](#)
- [Clickbd](#)
- [Bikroy](#)
- [BoiMela](#)
- [Rokomari](#)
- [foodpanda](#)
- [Daraz](#)
- [Chaldal](#)
- [Bagdoom](#)
- [Sohoz](#)

## Online Payment

Cash transactions are still the predominant financial transaction method for the majority of the population. According to research by e-Cab, more than 90 percent of eCommerce users in Bangladesh prefer the cash-on-delivery payment model. Most eCommerce business portals in Bangladesh have integrated merchant accounts to facilitate credit card transactions. However, almost all eCommerce websites also offer multiple other payment methods and still cater to the consumer preferred cash-on-delivery system. Very few eCommerce businesses operate on the system of only delivering the product after receiving payment through a wire/bank transfer.

Online payment remains limited but is growing in Bangladesh as a result of an increase in internet/mobile cell phone penetration, gridlocked traffic which discourages in-person shopping, and growing per-capita income levels. In 2009, the Bangladesh Bank introduced an online payment system facilitating fund transfers and online payments of utility bills by credit card. Since 2011, there have been important developments in financial transaction regulation (mobile payments, digital wallets, and smart cards) as well as transaction infrastructure (e.g., electronic funds transfer payment gateways). The creation of the Bangladesh Electronic Funds Transfer Network (BEFTN) is a step toward developing a modern payment system infrastructure. This has created expanded business avenues for financial institutions as well as entrepreneurs to offer electronic or mobile payment processing services to the unbanked population. This area of electronic payment processing services has already attracted local and foreign investment. Investment areas for non-bank entrepreneurs cluster in the areas of solution development and operations for payment intermediary services, direct service delivery models in partnership with banks, and development of value-added financial applications.

The National Payment Switch Bangladesh (NPSB) is an electronic platform that started in December 2012 to attain interoperability among schedule banks for card-based/online retail transactions. At present, NPSB is processing interbank Automated Teller Machines (ATM), Point of Sales (POS), and Internet Banking Fund Transfer (IBFT) transactions. U.S. companies operating in financial services and the financial payment network sphere (such as VISA and MasterCard) have expressed concerns about operating in the Bangladeshi market after the central bank made a mandatory policy of routing all card transactions through the NPSB. This mandatory policy eliminates competition and involves security risks, and NPSB becomes a single point of failure if it ever crashes.

## Mobile eCommerce

The ITU's June 2017 Bangladesh profile stated 88.1 percent of residents have a mobile phone subscription while 30 percent of inhabitants have a mobile broadband subscription. e-Cab's 2017 report stated Bangladesh has 99 percent geographical coverage in voice and data connectivity.

Utility bill payment and remittance transfers via mobile phone were introduced in Bangladesh in 2006 and 2010 respectively through the country's leading mobile operators and banks, and have become very popular. The government also authorized mobile operators to sell railway and bus tickets, and tickets to cricket matches organized by the Bangladesh Cricket Board using mobile phones.

As of April 2020, 15 banks are providing mobile financial services (MFS), with 28.2 million active MFS accounts. Mobile banking services in Bangladesh include cash-in, cash-out, merchant payments, utility payments, salary disbursement, foreign remittances, and fund transfers. MFS activities grew rapidly following the outbreak of COVID-19 in March 2020, as consumers sought to use MFS platforms to comply with social distancing measures. Bangladesh's central bank instructed banks in April 2020 to open MFS accounts for all workers of export-oriented companies to facilitate disbursement of salaries and government allowances.

Existing mobile financial service providers popular in the market include bKash, Rocket, and UCash. In March 2019, Prime Minister Sheikh Hasina inaugurated the Bangladesh Post Office's digital financial service, "Nagad," to meet the growing demand for mobile financial services, particularly among those deprived of the banking services.

### Digital Marketing

With strong growth in the number of mobile internet subscribers and growing digital infrastructure, more companies in Bangladesh are investing in digital marketing. While traditional media remains strong among older persons, digital media is more popular among younger segments of the population. Fund allocation toward digital marketing remains modest at 5 to 10 percent across companies, but as conversion continues, this statistic is set to change drastically. Digital media has specifically become a strong tool for small and medium enterprises in strengthening their brand recognition. Restaurants, fashion stores, gadget shops, and lifestyle pages increasingly use digital marketing.

Content development and digital media marketing are the most popular services that digital agencies currently offer. Online advertising is also slowly expanding as video platforms mature. Digital analytics is still in the development stages in Bangladesh and not yet widely used by businesses.

### Major Buying Holidays

The main buying holidays in Bangladesh include the major Muslim holidays of Ramadan, Eid ul-Fitr, and Eid-ul-Adha. Hindu, Buddhist, and Christian Holidays, including Buddhist New Year, Durga Puja, and Christmas, respectively, are also observed by segments of the population. Other major Bangladeshi holidays include Bengali New Year (April 14), Independence Day (March 26), and Victory Day (December 16). Some of these holidays are based on a religious calendar and specific dates depend on lunar sightings.

### Social Media

Social media is widely used in Bangladesh. Facebook is the most prevalent of social media platforms with more than 30 million users. Facebook is used to engage consumers and is also a major e-Commerce platform. There are over 50,000 eCommerce Facebook pages in Bangladesh, many of which are small businesses using Facebook alone to advertise and sell products, ranging from clothes, to beauty products, to food. With faster internet connections, Google cache servers, and better streaming, YouTube is also gaining popularity in Bangladesh.

## **Selling Factors & Techniques**

Consumer goods are promoted and sold primarily through distributors based in Dhaka to a price-sensitive market with a growing appetite for higher-priced branded goods. Suppliers of capital goods, agricultural products, and raw materials for readymade garments (RMG) and other export industries frequently sell their products through local agents experienced in working with government and industrial buyers. U.S. firms may also consider promoting their products and services through the annual U.S. Trade Show, usually held in the first quarter of the calendar year in Dhaka, and co-sponsored by the U.S. Embassy and the American Chamber of Commerce in Bangladesh. For more information, please visit the [American Chamber of Commerce in Bangladesh website](#).

### **Principal Business Associations**

There are a number of business associations in Bangladesh. Many of these can help to resolve disputes with the Government of Bangladesh or provide advice on doing business. U.S. companies generally join the American Chamber of Commerce in Bangladesh (AmCham) and often join additional industry-specific or regional business associations for additional networking opportunities. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is the apex chamber of commerce group and is the primary liaison with the Government of Bangladesh. Other associations focus on industry-specific or region-specific areas. For association-specific information, please visit:

- [American Chamber of Commerce in Bangladesh \(AmCham\)](#)
- [Federation of Bangladesh Chambers of Commerce and Industry \(FBCCI\)](#)
- [Foreign Investors' Chambers of Commerce and Industry \(FICCI\)](#)
- [Metropolitan Chamber of Commerce and Industry \(MCCI\)](#)
- [International Business Forum of Bangladesh \(IBFB\)](#)
- [International Chamber of Commerce Bangladesh \(ICCB\)](#)
- [Bangladesh Chamber of Industry \(BCI\)](#)
- [Dhaka Chamber of Commerce and Industry \(DCCI\)](#)
- [Bangladesh Garment Manufacturers and Exporters Association \(BGMEA\)](#)
- [Bangladesh Knitwear Manufacturers and Exporters' Association \(BKMEA\)](#)
- [Bangladesh Association of International Recruiting Agencies \(BAIRA\)](#)
- [The Institute of Chartered Accountant of Bangladesh](#)

### **Local Professional Services**

Bangladesh offers a wide variety of local professional services. The quality is steadily increasing and international services firms are now entering the Bangladeshi market to cater to the needs of the expanding economy. State-owned enterprises continue to be the primary providers of many professional services.

A list of local attorneys is available on the [U.S. Embassy Dhaka website](#).

### **Sales Service/Customer Support**

Sales service and customer support are critical, particularly for private sector customers. Marketing consumer durables such as electricity generators, capital machinery, and large air conditioning plants requires sound technical support for installation as well as maintenance needs. Agents of U.S. firms dealing with these products should maintain sufficient technical staff and spare parts stock to support their customers.

### **Pricing**

Other than a limited number of essential pharmaceutical products and petroleum or gas products, the government does not impose price controls and lets the market set prices. VAT, supplementary duties, and excise taxes are imposed at various rates, depending on the class of goods. For more information, please visit the [National Board of Revenue website](#).

## **Trade Promotion & Advertising**

[The Export Promotion Bureau](#) is the local authority arranging trade fairs both in country and outside of Bangladesh.

Bangladesh has a small but growing advertising and market research industry. Product and trade advertisements are the most commonly used sales promotion vehicles in Bangladesh and are carried through the full range of advertising media, including newspapers, magazines, radio, television, billboards, and exhibitions. Television is widely accessible in urban and rural areas, with print media and radio targeting a more limited audience.

Bangladesh has a large and vigorous media sector, with over 3,100 English and Bengali newspapers and magazines, including over 1,200 dailies. The primary English-language dailies published in Dhaka include: [The Daily Star](#), [The Dhaka Tribune](#), [BDNews24](#), [The Financial Express](#), [The Independent](#), and [New Age](#). The primary Bengali dailies are Prothom Alo, Kaler Kontho, Ittefaq, Jugantor, Samakal, and Janakantha.

Bangladesh has 44 private satellite television stations, including: [Channel i](#), [ATN Bengali](#), [NTV](#), [RTV](#), Bangla Vision, Boishakhi, Ekushey TV (ETV), Channel 24, Ekattor, Independent TV, and Jamuna TV. Government-run Bangladesh Betar (radio) offers commercial advertisements, generally in Bengali, while government-run Bangladesh Television (BTV) carries advertisements in English and Bengali. In the private sector, Bangladesh has several FM radio stations, including Radio Furti, Radio Today, Radio Shadhin, and ABC Radio. Broadcast hours of public and private stations vary, with some offering 24-hour coverage.

Satellite television is increasingly popular in urban areas, with most programs transmitted from Hong Kong (Star TV) and India. CNN, BBC, ESPN, the Cartoon Network, Discovery, National Geographic, MTV, and other channels from the United States and Europe are also available through local or regional distributors with many carrying local advertising. Local digital cable TV companies, which have sprung up in Dhaka, Chittagong, and Sylhet in recent years, offer a relatively wide selection of foreign programming.

## **Limitations on Selling U.S. Products and Services**

Foreign and domestic private entities can establish and own, operate, and dispose of interests in most types of business enterprises. Four sectors, however, are reserved for government investment:

- Arms and ammunition and other defense equipment and machinery;
- Forest plantation and mechanized extraction within the bounds of reserved forests;
- Production of nuclear energy; and
- Security printing.

However, U.S. products and services may be sold to the government entities operating in these sectors.

## **Trade Financing**

### Methods of Payment

Unless the importer is a multinational company operating in Bangladesh or a reliable, long-standing Bangladeshi customer, the Embassy recommends all U.S. exporters require their local buyers to present irrevocable, confirmed letters of credit to secure payment, preferably from a U.S. bank, whether the importer is a private firm or part of the government and whether a multilateral institution or bilateral donor agency or government is financing the importer. U.S. exporters should also be aware that it is a normal business practice for government procurement agencies to require exporters to post performance bonds, which can be arranged with a bank operating in Bangladesh, including several international banks.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at [www.Export.gov/TradeFinanceGuide](http://www.Export.gov/TradeFinanceGuide).

### Banking Systems

Additional information regarding banking systems is available in the “Financial Sector” sub-section of the Investment Climate Statement.

#### Foreign Exchange Controls

Additional information regarding foreign exchange controls is available in the “Financial Sector” sub-section of the Investment Climate Statement.

#### U.S. Banks & Local Correspondent Banks

Scheduled banks have arrangements with U.S. correspondent banks for their U.S. dollar clearing requirements.

### **Protecting Intellectual Property**

Counterfeit goods are readily available in Bangladesh. The government has limited resources for intellectual property rights (IPR) protection. Industry estimates that 90 percent of business software is pirated. A number of U.S. firms, including film studios, consumer goods manufacturers, and software firms, have reported violations of their intellectual property rights. Investors note police are willing to investigate counterfeit goods producers when informed but are unlikely to initiate independent investigations. For additional information regarding intellectual property rights, please visit the “Protection of Property Rights” sub-section of the Investment Climate Statement Section.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. Please refer to [Protecting Intellectual Property](#) and [Stopfakes.gov](http://Stopfakes.gov) for more resources.

#### IP Attaché Contact South Asia

John Cabeca

U.S. Intellectual Property Attaché for South Asia

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For more information, contact ITA’s Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).



## **Selling to the Government**

The Government of Bangladesh is the country's largest importer. Most government agencies, autonomous organizations, and public sector corporations import directly through public tenders, which are publicly announced or issued to registered suppliers. The principal government organizations issuing public tenders include:

[Bangladesh Chemical Industries Corporation \(BCIC\)](#)  
[Bangladesh Oil, Gas and Mineral Corporation \(Petrobangla\)](#)  
[Bangladesh Petroleum Corporation \(BPC\)](#)  
[Bangladesh Power Development Board \(BPDB\)](#)  
[Bangladesh Steel and Engineering Corporation \(BSEC\)](#)  
[Bangladesh Sugar and Food Industries Corporation \(BSFIC\)](#)  
[Bangladesh Telecommunications Regulatory Commission \(BTRC\)](#)  
[Civil Aviation Authority of Bangladesh \(CAAB\)](#)  
[Dhaka Electric Supply Company Limited \(DESCO\)](#)  
[Directorate General of Defense Purchase \(DGDP\)](#)  
[Rural Electrification Board \(REB\)](#)  
[Trading Corporation of Bangladesh \(TCB\)](#)  
[Water and Sewage Authority \(WASA\)](#)  
[Bangladesh Petroleum Exploration and Production Company Limited \(BAPEX\)](#)  
[Information and Communication Technology \(ICT\) Division](#)  
[Local Government Engineering Department \(LGED\)](#)  
[The Directorate General of Drug Administration \(DGDA\)](#)  
[Roads and Highways Department](#)  
[The Prime Minister's Office](#)  
[Economic Relations Division](#)

A large number of public tenders are published in the local media and posted on the [Central Procurement Technical Unit \(CPTU\) website](#).

The U.S. Embassy's Trade Section also monitors procurement notices and reports significant business opportunities and trade leads through the U.S. Department of State's [Business Information Database System \(BIDS\)](#).

Notwithstanding efforts to increase transparency, the public procurement process is often highly contentious and widely perceived as subject to manipulation. Delays, reversals, and retendering are quite common as competing firms often trade allegations of technical deficiencies and corruption in the tender process. While local agents can sometimes help to navigate the challenging procurement process, it is important for firms to be particularly proactive with local partners and vigilant to ensure compliance with the Foreign Corrupt Practices Act (FCPA).

Many governments finance public works projects through borrowing from Multilateral Development Banks. Please refer to the "Project Financing" Section in "Trade and Project Financing" for more information.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

## **Financing of Projects**

A 2015 Asian Development Bank (ADB) report noted capital market intermediaries and insurance companies face significant challenges, both in terms of financial health and technical capacity. Access to finance in Bangladesh is tight and a study of firms nationwide suggested that more than 40 percent of firms found access to finance to be a major or severe obstacle to business, a higher percentage than the average for low and lower-income countries, and the highest in the region after Pakistan.

In addition, 69 percent of lending has a maturity of less than three years. A little less than half of the loans have maturity dates of one year. As a result, long-term financing is typically procured through accumulated earnings, and firms tend to under-invest. Companies often resort to financing long-term asset purchases with short-term financing causing asset-liability mismatches and sub-optimal capital structures, increasing financial risk. Some companies roll over existing loans, which can be destabilizing to the financial system.

The private equity industry (including venture capital) in Bangladesh is still nascent with around \$300 million in committed capital from Bangladesh-focused private equity and venture capital funds. Prior to 2008, the majority of private equity activity had originated in a much more limited way from major developmental finance agencies, namely, the International Finance Corporation (IFC), the UK's CDC Group (formerly the Commonwealth Development Corporation), the Netherlands' Development Finance Company (FMO), and the German Investment and Development Corporation (DEG). There were direct investments in the power and infrastructure sector, the financial sector, and selectively in the textile sector.

More recent examples of project finance include:

- Bangladesh and the People's Republic of China (PRC) signed agreements to implement 27 projects in Bangladesh worth \$20.0 billion during President Xi Jinping's visit to Dhaka in 2016. According to press reports, work has begun on only six projects, and as of December 2019 the Government of Bangladesh has received less than \$1.0 billion out of a total value of \$5.7 billion for these six projects.. The projects currently underway are the Padma Bridge rail link; the Karnaphuli river tunnel; phase III of the Info-Sarkar project; the installation of a single-point mooring with double pipeline in Maheshkhali; the modernization of telecommunication networks for digital connectivity; and the modernization of the Dhaka Power Distribution Company (DPDC) power system networks. The remaining 21 projects are in various stages of planning, preparation, negotiation, and approval. In 2019, a Bangladesh-China joint working group was formed in Dhaka to address GoB concerns about the slow progress on implementing the remaining 21 projects. In June 2020, the GoB requested \$6.4 billion in funding from the PRC for several new projects.
- Japan and Bangladesh signed their 40th Official Development Assistance (ODA) deal in June 2019 to facilitate implementation of five large ongoing projects: the Matarbari Port Development Project; the Matarbari Ultra Super Critical Coal-Fired Power Project; the Dhaka Mass Rapid Transit Development Project Line-1; the Foreign Direct Investment (FDI) Promotion Project; and the Energy Efficiency and Conservation Promotion Financing Project. Under the 39th ODA, the Government of Japan approved \$1.83 billion for implementing six mega projects, including the Matarbari Port Development Project; the Jamuna Railway Bridge Construction Project; the Dhaka Mass Rapid Transit Development Project (Line 5); the Dhaka Mass Rapid Transit Development Project (III); the Matarbari Ultra Super Critical Coal-Fired Power Project (IV); and the Health Services Strengthening Project.
- The Export-Import (EXIM) Bank of India agreed in April 2018 to provide \$4.5 billion in loans to finance 17 social and infrastructure projects involving electricity, railroads, roads, shipping, and ports.
- In June 2020, the World Bank (WB) approved over \$1 billion to fund three projects to create jobs and respond to the outbreak of the COVID-19 pandemic, including a \$500 million Private Investment and Digital Entrepreneurship (PRIDE) Project; a \$295 million Enhancing Digital Government and Economy (EDGE) Project; and a \$250 million Second Programmatic Jobs Development Policy Credit. In addition, the WB approved \$500 million in loans the same month to improve road connectivity along the Jashore-Jhenaidah

corridor covering four western districts. Bangladesh currently has one of the largest International Development Association (IDA) programs under the WB Group, totaling over \$13 billion.

- The Asian Development Bank (ADB), Islamic Development Bank, and Japan Fund for Poverty Reduction extended an \$801.5 million loan in October 2019 to develop the Rupsha 800-Megawatt Combined Cycle Power Plant Project in Khulna.
- The ADB approved \$360 million in loans in February 2018 to support ongoing reform of its Bangladesh's railway sector.
- In November 2019 the ADB approved a \$300 million loan to expand electricity transmission lines in greater Dhaka and western areas.
- The Asian Infrastructure Investment Bank (AIIB) approved a loan of up to \$60 million in February 2018 to develop a greenfield 220-megawatt combined cycle power plant in Bhola, Barisal.
- The WB approved \$55 million in financing to expand the use of renewable energy in Bangladesh's rural areas in April 2018. The funds will be used to finance the Second Rural Electrification and Renewable Energy Development (RERED II) Project.

According to the ADB study, because of the relatively new status of private equity investment in Bangladesh, corporations still largely view private equity as an alternative source to debt financing rather than as a true partnership providing broader benefits such as improved corporate governance, strategic direction, access to broader ranges of financing, optimization of capital structure, market access, and improved valuation of businesses.

## **Business Travel**

### **Business Customs**

Personal contact is an important element in building business relationships in Bangladesh. Bangladeshi business executives are usually very courteous and try to make their foreign guests feel at ease. Business visitors should be aware in Bangladesh men and women do not usually shake hands with each other and may avoid doing so with a visitor of the opposite sex. Foreign visitors often find hosting meals for their Bangladeshi agents or business contacts helps to smooth business negotiations. Visitors may also be invited to share meals as guests of their Bangladeshi hosts. Attire for social functions is often "informal," meaning business attire as opposed to formal wear. Women tend to dress conservatively, but are not expected to cover their heads. While meetings generally start on time, conferences and social functions often start significantly later than scheduled.

The Bangladesh workweek is Sunday through Thursday.

### **Travel Advisory**

Please consult the [Department of State's Consular Information Sheet](#) for Bangladesh for the most up to date travel information.

Travelers are also advised to sign up for the Department of State's [Smart Traveler Enrollment Program \(STEP\)](#). STEP is a free service allowing U.S. citizens and nationals traveling abroad to enroll their trips with the nearest U.S. Embassy or Consulate. With STEP, travelers:

- Receive important information from the Embassy about safety conditions in your destination country, helping you make informed decisions about your travel plans.
- Help the U.S. Embassy contact you in an emergency, whether natural disaster, civil unrest, or family emergency.
- Help family and friends get in touch with you in an emergency.

### **Visa Requirements**

#### Passports and Visas

Your passport must be valid for six months beyond your planned stay in Bangladesh, have at least one blank visa page, and contain a Bangladeshi visa and an onward or return ticket.

U.S. citizens are eligible for visas on arrival; however, we strongly recommend obtaining a visa before traveling. Visit the Embassy of Bangladesh website for the most current visa information.

Short term travelers can be denied entry if they cannot demonstrate sufficient liquidity to support their stay.

Visas must be in a valid passport. In country, you may obtain a visa in a new passport at the Department of Immigration and Passports. Replacing a visa, which is required in order to exit the country, may take three to four business days.

There are financial penalties for overstaying the terms of your visa and it can be very difficult and time-consuming to change your immigration status after you have arrived in Bangladesh. For further information on these rules, visit the [Bangladeshi Immigration Police website](#).

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#).

#### Exit Taxes

When traveling by air, all foreigners except children under the age of two must pay a departure tax. While, often included when air tickets are purchased, the tax may be collected at the airport at the time of departure. The amount of the departure tax varies depending on the destination.

If departing by road in a private vehicle, you must obtain a road permit by contacting the Director General, Immigration and Passports. A refundable cash deposit is typically required; the amount of the deposit is based on the value of the vehicle.

#### Dual Citizens

U.S.-Bangladeshi dual nationals and their immediate family members are eligible for a “No Visa Required for Travel to Bangladesh” seal, which can be issued in their U.S. passports by the nearest Bangladeshi Embassy or Consulate. Accepting the “No Visa Required” seal means a U.S. dual national acknowledges Bangladeshi nationality and accepts its associated responsibilities.

Information about dual nationality or the prevention of international child abduction can be found on the U.S. Embassy website.

Up to date information regarding entry and exit requirements is available at the [State Department’s website](#).

#### Currency

The local currency is the Bangladeshi taka (BDT). Currency exchange centers/money changers can be found in commercial centers throughout the country. The U.S. dollar is the most commonly exchanged currency. Other currencies, such as euros and British pounds, may also be exchanged in banks and hotels.

Travelers’ checks can be cashed in commercial banks. It may be difficult, however, to have them exchanged at banks outside of major cities.

Major credit cards and debit cards are widely accepted.

Banks are open from 10:00 AM to 4:00 PM, Sunday to Thursday; ATMs are open 24 hours.

#### Telecommunications/Electric

Mobile phone networks have rapidly expanded to cover nearly 100 percent of Bangladesh. Access to 4G mobile networks is widely available in most cities. In 2016, the Ministry of Posts and Telecommunications implemented a rule requiring that SIM cards be registered together with their user’s biometric data.

The normal voltage in Bangladesh is 220 volts and the standard frequency is 50 Hz. Four types of power supply plugs used in Bangladesh: types G, C, D and K; the primary power supply plugs are type G.

#### Transportation

##### Road Conditions and Safety

Traffic in Bangladesh moves on the left, the opposite of U.S. traffic, and large vehicles generally take the right-of-way.

Roads are extremely crowded, poorly maintained, and often lack shoulders, have numerous potholes, sharp drop-offs, and barriers that are not sign-posted.

Drivers are often unlicensed, aggressive, and poorly trained. Many vehicles, particularly large trucks and buses, are badly maintained.

Speed limits and other traffic laws are not commonly posted and are rarely observed by motorists. Vehicles often run red lights and merge directly into traffic without stopping. The practice of using one’s car horn or flashing high-beam headlights to announce one’s presence is the norm in all areas of Bangladesh at all times of day or night.

Road accidents, including fatal head-on collisions, are common in Bangladesh. When traveling by road you should:

- Exercise extreme caution when crossing streets, even in areas frequented by pedestrians;
- Use seatbelts if available and wear helmets on motorcycles and bicycles;
- Exercise particular vigilance along intercity highways, as banditry and carjacking have been known to occur; and
- Monitor local news for any reports of road disturbances as protestors and demonstrators often use road blockage as a means of publicizing their grievances.
- You should not travel by road without an experienced local driver or guide;

If a serious accident occurs, or if a driver hits a pedestrian or a cow, crowds quickly gather and the behavior of the crowd is often unpredictable. The vehicle and its occupants may be at risk of being attacked in such circumstances depending on who the crowd believes is at fault and what damage occurred. Such attacks may pose significant risk of injury or death to the vehicle's occupants or incineration of the vehicle. It is unsafe to remain at the scene of an accident of this nature. Seek shelter at the nearest police station.

Please refer to the U.S. Department of State's [Road Safety page](#) for more information. More information is also available at [Bangladesh's National Tourism Organization \(Parjatan Corporation\) website](#).

### **Transportation**

The U.S. Embassy strongly urges visitors not to use buses, rickshaws, or mini-taxis due to their high accident rate and risk of becoming a victim of crime. Instead, the Embassy recommends renting a car and experienced driver.

The Bangladesh passenger rail system is antiquated and overburdened. Some political activists target the rail lines during civil unrest by hurling explosives and removing rail ties from the tracks, making the trips unusually dangerous and causing cancellations. Even in calm times, foreigners are often the center of attention at train stations because of the relatively atypical presence of foreign railway travelers.

#### Aviation Safety Oversight

The U.S. Federal Aviation Administration (FAA) has assessed the Government of Bangladesh's Civil Aviation Authority as not in compliance with International Civil Aviation Organization (ICAO) aviation safety standards for oversight of Bangladesh's air carrier operations. Further information may be found on the [FAA's safety assessment page](#).

### **Language**

Although Bangla (Bengali) is the official language of Bangladesh, English is widely spoken and used in official and business circles. U.S. businesspeople may greet their Bangladeshi counterparts with normal English salutations. The usual greeting among Bangladeshis is the Arabic phrase "As-salaam-u-alaikum" (meaning "peace be with you"). The cordial response is "Walaikum As Salaam" ("peace to you as well"). A polite parting phrase is "Khuda Hafez" ("God preserve").

### **Health**

Medical care is limited and well below U.S. standards. U.S. citizens often travel outside of Bangladesh for medical treatment, including for many routine procedures.

There have been reports of counterfeit medications within the country, but medication from major pharmacies and hospitals is generally reliable.

Water supplies in Bangladesh are not potable, though bottled drinking water is generally safe for consumption.

Fecal-oral contamination is common and improperly prepared meat and improperly cleaned vegetables can lead to food-borne illnesses. Wash, soak, peel, and thoroughly cook food to minimize chemical, insecticide, bacterial, and parasitic contamination. Although the Embassy cannot provide medical advice or services to the public, a [list of hospitals and doctors](#) in Dhaka can be found on the Embassy website.

Additional information regarding healthcare is available at [the State Department's website](#).

### **Local Time, Business Hours, and Holidays**

Bangladesh Standard Time is six hours ahead of Greenwich Mean Time (GMT+6). Bangladesh observes a Sunday to Thursday workweek. Business hours are generally 9:00 am to 5:00 pm. The Embassy, government offices, and most businesses observe a two-day weekend (Friday and Saturday). Muslim religious holidays may vary with the appearance of the moon. Please see this [list of holidays](#) observed by the U.S. Embassy for more information.

### **Temporary Entry of Materials and Personal Belongings**

Agents and representatives of foreign manufacturers are allowed to import machinery and equipment from their principals for purposes of demonstration or exhibition, subject to the following conditions:

- The goods brought into Bangladesh will be re-exported within a period of one year;
- The importer shall execute a bond and furnish a bank guarantee or understanding or a legal instrument to the satisfaction of Bangladeshi Customs at the time of clearance indicating that the goods will be re-exported in a timely manner;
- If the goods include any banned or restricted items, prior permission is required from the Chief Controller of Imports and Exports. Equipment or machinery imported on a temporary basis is exempt from duty if the importer obtains an import/export permit.

### **Investment Climate Statement (ICS)**

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The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include market barriers, business risk, legal and regulatory systems, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. To learn more, visit the U.S. Department of Department of State's [Investment Climate Statement](#) website.

### **Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the [U.S. Department of State website](#).