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Department of Commerce

# U.S. Country Commercial Guides



2017

Bangladesh

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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 156 million. \* It is the eighth largest country in the world by population (larger than Russia), and the most densely populated of all countries other than city states. Bangladesh is 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. Bangladesh has enjoyed consistent annual GDP growth of over six percent since 2005. Much of this growth continues to be driven by exports from the \$28 billion ready-made garments (RMG) industry, second in overall value to China, and continued remittance inflows expatriate labor, which reached \$15 billion in fiscal year (FY) 2016. \*\*

According to the International Monetary Fund (IMF), Bangladesh's GDP reached \$218.1 billion in FY 16 with an annual growth rate of 7.1 percent. Bangladesh's economic growth has been complemented by sound fiscal policy and low annual inflation of 5.9 percent in FY 16. The Government of Bangladesh actively seeks foreign investment, particularly in the apparel industry, energy, power, and infrastructure projects. It offers a range of investment incentives under its industrial policy and export-oriented growth strategy, with few formal distinctions between foreign and domestic private investors. According to the IMF, Bangladesh received foreign direct investment (FDI) net inflows of \$2 billion in FY 16, up from \$1.8 billion in the previous year. Due to its consistent growth, Bangladesh estimated foreign exchange reserves increased from \$24.9 billion in FY 15 to \$30.2 billion in FY 16, the equivalent of 7.2 months of projected annual goods and services imports.

Bangladesh's export economy is dominated by ready-made garment manufacturing, but the country remains largely rural with an urbanization rate of only 34.3 percent of the population. While the agriculture sector employs 47 percent of the population, it accounted for only 15.1 percent of GDP in 2015. The industrial sector accounts for 28.6 percent of GDP and employs 13 percent of the population, primarily in the RMG and light manufacturing sectors. The services sector accounts for 56.3 percent of GDP and employs 40 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, 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, Chittagong, the second largest economic and



financial hub of Bangladesh, hosts the country's major seaport which handles 98 percent of container cargo and 92 percent of total cargo volume. Nearly twenty-six million Bangladeshis concentrated mainly in Dhaka and Chittagong have annual incomes exceeding \$12,000, offering a sizable market for goods and services.

The United States was the number one export destination for Bangladeshi products, and Bangladesh is currently the United States' 50th largest goods trading partner with \$6.8 billion in total (two-way) goods trade during 2016. U.S. goods exports to Bangladesh totaled \$895 million while goods imports totaled \$5.9 billion, resulting in a U.S. goods trade deficit with Bangladesh of \$5.0 billion in 2016. The top import categories (2-digit HS) in 2016 were: woven apparel (\$3.8 billion), knit apparel (\$1.4 billion), miscellaneous textile articles (\$206 million), headgear (\$174 million), and footwear (\$105 million).

The top export categories from the United States to Bangladesh (2-digit HS) in 2016 were: miscellaneous grain, seeds, fruit (soybeans) (\$249 million), cotton (\$96 million), machinery (\$83 million), food waste, animal feed (\$72 million), and iron and steel (\$72 million). U.S. total exports of agricultural products to Bangladesh totaled \$496 million in 2016. Leading domestic export categories included: soybeans (\$232 million), cotton (\$95 million), soybean meal (\$58 million), corn (\$39 million), and animal feed and fodder (\$22 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. Corruption is also widely perceived to be endemic at all levels of society and discourages investments and inhibits economic growth.

Reputable companies have complained that 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. Increasing security challenges have hampered at least 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, several incidents of foreigners and bloggers being targeted by ISIS and Al-Qaeda took place. The government and law enforcement forces have taken many security measures and conducted raids to restrain militant groups operating in Bangladesh. Although extremist attacks are now a concern for the country, projections of continued GDP growth of approximately 6.9 percent show the resilience of Bangladesh's economy in weathering these challenges.

A series of RMG industry accidents, including the tragic death 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 in Bangladesh and led to pioneering initiatives to improve factory safety. Crackdowns on workers protesting working conditions and low wages continues to be a problem, with a recent example occurring when some 1,500 workers were fired and 35 arrested in the manufacturing hub of Ashulia in December 2016.

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 investment 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)
- Travel and Tourism Services
- Infrastructure Development and Engineering Services
- Garment and Textile Machinery and Equipment
- Defense, Security Equipment, and Services

## **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. U.S. companies can evaluate potential business partners based on technical capacity, market experience and other factors. The U.S. 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 offices in South or Southeast Asia. As companies become more established in the market, an increasing number choose to open branches or subsidiary offices.

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

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.

## **Political Environment**

### **U.S.-Bangladesh Relations**

The United States and Bangladesh share a vision for an inclusive, secure, and prosperous future. Our annual U.S.-Bangladesh Partnership Dialogue helps advance shared bilateral, regional, and global objectives and gives strategic direction to ongoing and future cooperative activities. The fourth U.S.-Bangladesh Partnership Dialogue meeting, held in Dhaka on April 30-May 1, 2015, covered a wide variety of topics: democracy and governance, trade and investment, and security cooperation. The delegations worked to deepen cooperation on bilateral, regional and international priorities, including sustainable development, counterterrorism, migration, and climate change. The fifth annual meeting will take place in Washington, DC, in 2016.

Bangladesh has made significant progress toward a more prosperous and pluralistic society since its independence in 1971. Bangladesh's economy has grown at 6 percent annually for more than two decades. Since the tragic collapse of the Rana Plaza apparel factory in 2013, Bangladesh has made progress in transforming its garment sector. The United States remains actively engaged in efforts to strengthen respect for labor rights and improve workplace safety. Despite significant development achievements, poverty remains a challenge as do infrastructure shortcomings, weak governance structures, and the need for greater investment in human capital. Bangladesh's high population density compounds these challenges. Extremist violence also presents a common challenge. The United States stands shoulder-to-shoulder with Bangladesh in our effort to defeat extremism.

### **U.S. Assistance to Bangladesh**

The United States has invested billions of dollars to improve the lives of Bangladeshis and Bangladesh is the largest recipient of U.S. assistance in Asia outside of Afghanistan and Pakistan. U.S. assistance fosters engagement with the Government of Bangladesh – helping to grow more food, build more roads, and train more skilled teachers, health care providers, and soldiers. The United States continues to build upon previous gains to reduce poverty, enhance food security, improve health and education, mitigate the impact of climate change and natural disasters, counter violent extremism, and achieve better governance to spur equitable and sustainable growth.

### **Bilateral Economic Relations**

The United States is Bangladesh's largest export market. Our countries have signed a bilateral investment treaty, as well as a bilateral treaty for the avoidance of double taxation. In 2014, U.S. direct investment in Bangladesh was \$465 million, an increase of 12.6 percent from 2013. Our governments held the second annual Trade and Investment Cooperation Forum Agreement (TICFA) meeting in Washington on November 23, 2015, which highlighted the potential for greater cooperation with Bangladesh, particularly in areas of developing infrastructure and energy resources.

In 2014, the United States exported approximately \$1.1 billion in U.S. goods to Bangladesh and imported approximately \$5.3 billion worth of goods from Bangladesh. U.S. exports to

Bangladesh include agricultural products (soybeans, cotton, wheat, dairy), aircraft, machinery, engines, and iron and steel products. U.S. imports from Bangladesh include apparel, footwear, and textile products; toys, games and sporting goods; shrimp and prawns; and agricultural products.

Worker rights and worker safety issues led the United States to suspend the country's Generalized System of Preferences (GSP) trade benefits in June 2013. At the time of the suspension, the United States provided the Bangladesh government with an Action Plan to address worker rights and safety issues as a basis for considering the reinstatement of GSP trade benefits. Since that time Bangladesh has made important progress in meeting some of the plan's objectives – especially in inspections, safety and security, and the United States continues to work with the Bangladesh government to ensure further progress on workers' rights.

### **Bangladesh's Membership in International Organizations**

Bangladesh and the United States belong to a number of the same international organizations, including the United Nations, ASEAN Regional Forum, International Monetary Fund, World Bank, and World Trade Organization.

### **Bilateral Representation**

The U.S. Ambassador to Bangladesh is Marcia Bernicat; other principal embassy officials are listed in the Department's Key Officers List.

Bangladesh maintains an embassy in the United States at 3510 International Drive NW, Washington, DC 20008 (tel: 202-244-0183).

## **Selling US Products & Services**

### **Using an Agent to Sell US 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 that 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 contract awarded in public procurement. 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 wish to 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; 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 logistical support for visiting U.S. companies. Details on these services are available [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 the 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 these 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 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/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 Certificate and Export Registration Certificate (ERC) from 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 perform 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 (they use the IRCs to both export and import goods).

## **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., Kenny Rogers' Roasters, Tony Roma's, Johnny Rockets, Kentucky Fried Chicken, Krispy Kreme Doughnuts, Pizza Hut, Burger King, Coldstone Creamery and other U.S. companies have successfully opened franchises in Bangladesh. Bangladesh has a growing middle class and a sizeable percentage of the population that spends on foods and beverages. Bangladesh's 156 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 the direct marketing model of 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](#)

The Bangladesh Investment Development Authority (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.

## **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 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 the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

## **Distribution & Sales Channels**

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 wheat, chemicals, and metals, where brand names are not as important.

### **Express Delivery**

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

### **Selling Factors & Techniques**

Consumer goods are marketed 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 RMGs and other export industries frequently market 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 November 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](#).

### **eCommerce**

#### **Overview**

The e-Commerce 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 2016 and continues to grow. While only 2 percent of the population has a fixed-broad band connection, 17.8 percent of the population has a mobile-broad band subscription. Nonetheless, Bangladesh still ranks 145 out of 175 on the ITU's ICT Index, an annual report that captures the level of ICT development.

The eCommerce Association of Bangladesh (e-Cab), the trade body for eCommerce in Bangladesh, estimates there are 700 eCommerce sites and around 8,000 e-commerce pages on Facebook. Facebook remains a popular method for advertising and selling products, to a point that many businesses forgo creating websites. Ten billion taka in transactions take place on eCommerce sites per year according to a 2017 e-Cab report.

#### **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)
- Business-to-Employees (B2E)

In order to facilitate e-commerce and encourage the growth of information technology, the Information and Communication Technology (ICT) Act, 2006 was enacted. The ICT Act (amended in 2013) included provisions for imprisonment and/or fines for cyber-crimes. The enactment of the ICT Act has significant implications for e-commerce and mobile commerce 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 major online transaction sites like PayPal. In June 2016, state-owned Sonali Bank announced it signed a memorandum of understanding with PayPal.

Additional 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
- 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 like 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, UK, India and China, e.g., Amazon.com, ebay.co.uk, Amazon.in, and Alibaba.

C2C businesses are also growing. The leading players in this category include Bikroy, Ekhanei, and ClickBd. These sites are individual and auction-based online marketplaces similar to eBay. 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.

### **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 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 BangladeshBusinessGuide, Addressbazaar and Bizbangladesh.

### **eCommerce Services**

There are many Bangladeshi companies engaged in eCommerce services, including web design, domain name purchasing, secure hosting, digital marketing and advertising, app development, and payment gateways, among others. Many of these companies provide services to clients abroad, especially in North America. e-Cab estimates there are approximately 550,000 freelancers in Bangladesh providing eCommerce or related services. 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 sufficient legal framework to protect intellectual property rights. The absence of a legal framework has created opportunities for 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 is a step towards 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 the development of value-added financial applications.

In June 2016, state-owned Sonali Bank announced it had signed a memorandum of understanding with PayPal to help facilitate online payments.

### **Mobile eCommerce**

The ITU's latest Bangladesh profile states that 77.9 percent of inhabitants have a mobile phone subscription while 17.8 percent of inhabitants have a mobile broadband subscription. e-Cab's 2017 report states that 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 with the masses. 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, which have gained popularity.

Currently, 28 banks have approvals to offer mobile financial services, with 20 already launching services. Mobile banking services in Bangladesh include cash-in, cash-out, merchant payments, utility payments, salary disbursement, foreign remittances, and fund transfers.

### **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 demographics, 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 to strengthen 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 major 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 26). Some of these holidays are based on religious calendar and 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 21 million users in Bangladesh. Facebook is used to engage consumers and is also a major e-Commerce platform. There are over 8,000 e-commerce Facebook pages in Bangladesh, many of which are small businesses using solely Facebook to advertise and sell their products, ranging from clothes, beauty products to food. With faster internet connections, Google cache servers, and better streaming, YouTube is also gaining popularity in Bangladesh.

## **Trade Promotion & Advertising**

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

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 400 English and Bengali newspapers and magazines, including over 100 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 twenty three 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

cable TV companies, which have sprung up in Dhaka, Chittagong and Sylhet during the last three years, offer a relatively wide selection of foreign programming.

## **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, supplemental duties, and excise taxes are imposed at various rates, depending on the class of goods. For more information, please visit [National Board of Revenue 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.

## **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, manufacturers of consumer goods, 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” subsection of the Investment Climate Statement Section.

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

### **IP Attaché Contact South Asia**

Shilpi Jha  
American Center  
24, Kasturba Gandhi Marg  
New Delhi – 110001  
OFFICE PHONE: +91 11-2347-2000 x 2334  
Email: [Shilpi.Jha@trade.gov](mailto:Shilpi.Jha@trade.gov)

## **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 business, volume of operations, business reputation, and trade references.

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

## **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. Many professional services also continue to be offered primarily by state-owned enterprises.

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

## **Limitations on Selling US 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
- Security printing

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

## **Web Resources**

[U.S. Embassy Dhaka, Bangladesh](#)

[Business Information Database System \(BIDS\)](#)

[Bangladesh Bureau of Statistics \(BBS\)](#)

[Bangladesh Bank \(BB\) – Bangladesh Government Agency](#)

[Ministry of Commerce \(MoC\)](#)

[Ministry of Labor and Employment \(MoLE\)](#)

[National Board of Revenue, Bangladesh \(NBR\)](#)

[Bangladesh Customs](#)

[Public Private Partnership Bangladesh \(PPP\)](#)

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

[Bangladesh Economic Zones Authority \(BEZA\) – Bangladesh Government Agency](#)

[Bangladesh Export Processing Zones Authority \(BEPZA\) – Bangladesh Government Agency](#)

[Central Procurement Technical Unit \(CPTU\) – Bangladesh Government Agency](#)

[Centre for Policy Dialogue \(CPD\) – Think Tank](#)

[Policy Research Institute \(PRI\) – Think Tank](#)

[Bangladesh Institute of Development Studies \(BIDS\)](#)



# Leading Sectors for US Exports & Investments

## Power and Energy

### Overview

Demand for electricity in Bangladesh is projected to reach 34,000 megawatts (MW) by 2030 and the Government of Bangladesh has plans to increase power generation beyond expected demand to help propel growth in the export-oriented economy and to meet the demands of a growing middle class. Total investment in the sector over the next 15 years is estimated at \$70.5 billion. While installed generation capacity is 13,179 MW as of February 2017, shortfalls exist due to poor distribution infrastructure and a mismatch between the types of energy plants and fuel mix available. Private power production units are approaching half of total installed capacity.

Only two-thirds of Bangladesh's population is currently connected to the electricity grid. This indicates an untapped potential market of up to 60 million people connecting to the national grid in coming years as Bangladesh continues its growth trajectory.

The fuel mix of Bangladesh's power plants is heavily based on natural gas. The Government of Bangladesh plans to reduce dependence on natural gas and move towards coal with plans to generate 50 percent of total electricity using coal-based power plants by 2030. Other solutions include importing electricity from neighboring countries, importing liquefied natural gas (LNG), and expanding use of renewable resources, including solar and wind.

U.S. companies play a strong role in the power and energy industry in Bangladesh. U.S. companies produce over 55 percent of Bangladesh's domestic natural gas supply 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, 18 offshore blocks exist in the Bay of Bengal, most of which remain available for allocation and exploration. Oil and gas firms can pursue exploration and production ventures through production sharing agreements with the state-owned oil and gas company, Petrobangla. In March 2017, without 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 Government of Bangladesh had previously indicated that the terms of production sharing contracts would be improved to attract greater international interest. According to press reports, Bangladesh's new model production sharing contract (PSC) allows Daewoo to sell natural gas and other petroleum resources to a third party in the country or outside at negotiated prices if Petrobangla refuses to buy the gas. The Bangladesh government processed the proposal of Daewoo under the "Prompt Power and Energy Supply (Special) Act-2010," under which there was no open competitive bidding process in awarding the contract. This was the first time a PSC was signed under the special act.

### Leading Sub-Sectors

**Liquefied Natural Gas (LNG) Imports:** Bangladesh is turning to liquefied natural gas imports to help meet burgeoning fuel demands. As a result, the country is in the process of setting up

its first floating storage and regasification units and is beginning discussions on LNG supply contracts. In addition, Bangladesh is planning several LNG-based power plants.

**Solar Power:** Bangladesh has successfully managed to implement a large-scale Solar Home System (SHS) project with over three million SHSs installed nationwide and a targeted installation base of six million by 2015. Prime Minister Sheikh Hasina has publicly supported the expansion of renewable energy in Bangladesh, targeting 2,000 MW by 2021.

### **Opportunities**

Bangladesh may have sizable reserves of untapped gas in its 18 offshore blocks in the Bay of Bengal. Exploration has been stymied by the government's failure to offer attractive fiscal terms during the bidding process. The deep-water area of Bangladesh is virtually unexplored and the Government of Bangladesh plans to acquire 2D seismic survey data for the Bay of Bengal that will be made available to potential offshore exploration companies. Geologists have indicated that prospects are good for locating gas, but commercially viable reserves have yet to be confirmed.

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 pipeline infrastructure to carry imported LNG and drilled natural gas to distribution hubs.

Incentives provided to foreign investors in the energy sector include:

- Tax exemption on royalties, technical know-how and technical assistance fees, and facilities for their repatriation;
- Tax exemption on interest paid on foreign loans;
- Tax exemption on capital gains from transfer 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;
- 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 agriculture products. According to the Bangladesh Bureau of Statistics (BBS), for FY 2014-15 (provisional estimate), crops, livestock, fisheries, and forest products account for about 16 percent of Bangladesh's total GDP and employs approximately 47 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 considered the main staple in the Bangladeshi diet. Less 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 for future demand needs. Strikes, floods, cyclones, and drought also can affect agricultural productivity levels and incomes.

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

	2015	2016	2017 (Estimated)
Total Local Production	\$28,365	\$30,424	\$32,000
Total Exports	\$1619	\$1,602	\$1650
Total Imports	\$6653	\$6,594	\$6500
Imports from the US	\$494	\$496	N/A
Total Market Size	\$33,398	\$35,415	\$36,850
Exchange Rates	N/A	N/A	N/A

(\$US Millions; total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

The processed food industry accounts for approximately 12.3 percent of all manufacturing production value and employs six percent of the manufacturing labor force. The industry employs two percent of the country's total labor force and its share of GDP was seven percent in 2012-13. The sector is dominated by small and medium-sized enterprises strongly linked to local production. There are nearly 246 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.

The food and beverage sector in Bangladesh has an estimated annual value of gross domestic production of \$8.3 billion.

## **Opportunities**

Agriculture 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 storage 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 and the ICT sector in Bangladesh is poised for continued expansion. 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 2016 and continues to grow. While only 2 percent of the population has a fixed-broad band connection, 17.8 percent of the population has a mobile-broad band subscription. Nonetheless, Bangladesh still ranks 145 out of 175 on the ITU's ICT Index, an annual report that captures the level of ICT development.

According to the Bangladesh Association of Software and Information Services (BASIS), around 1500+ software and IT-related companies have registered in Bangladesh. The size of the ICT market, excluding telecommunications, is estimated to be worth \$600 million and approximately 250,000 professionals are now employed in the sector. According to BASIS, over 400 IT companies currently export to over 60 countries, with North America being the main destination. The growth in the ICT sector is expected to create 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; E-commerce 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](#)

### **Travel and Tourism Services**

#### **Overview**

Bangladesh, located at the crossroad between South and South East Asia, is home to the longest unbroken sandy seaside beach (Cox's Bazar) and the biggest mangrove area (the Sundarbans) in the world. The country has scenic beauty, ethnic diversity, unique cuisine, rich heritage, and historical sites to offer both local and foreign travelers.

Bangladesh's tourism sector has experienced increased growth in recent years, particularly in the last decade. The direct contribution of the Travel and Tourism sector to GDP was 421.4 billion taka (\$5.3 billion), or 2.2 percent of total GDP in 2016, and forecasts suggest sector growth will increase 6.2 percent annually between 2017 and 2021. In 2016, the total contribution of the Travel and Tourism sector to employment, including jobs indirectly supported by the industry was 3.8 percent of total employment (or 2,187,000 jobs).

The Bangladesh Parjatan Corporation (BPC) – under the Ministry of Civil Aviation and Tourism – remains the leading public sector body in the tourism industry of Bangladesh. Another important institution supporting the development of tourism is the Bangladesh Tourism Board. Affiliated with United Nations World Tourism Organizations (UNWTO), the board was established to help meet strong demand from the private sector for tourism options. Private sector investors have successfully developed hotels and established tourism services. The Tour Operator Association of Bangladesh (TOAB) and the Association of Travel Agents of Bangladesh (ATAB) were formed to support private tour operators' activities and to lobby the BPC and the government. The National Hotel and Tourism Training Institute (NHTTI) offers professional tourism management training, provides job training for BPC personnel, and arranges special seminars and workshops related to tourism development.

Bangladesh has seen a number of recent local and foreign investments in the tourism sector, including a number of new foreign hotel chains, foreign restaurant chains, and resorts/guest houses. A number of constraints, however, including inadequate infrastructure, limited numbers of quality accommodations, a lack of trained tourism staff and guides, and political/security instability inhibit the sector's growth.

	2011	2012	2013	2014
In-bound Total Arrivals (thousands)	155	125	148	125
Expenditure Total (US\$ Mln)	87	103	128	153

(World Tourism Organization, 2015)

#### **Leading Sub-Sectors**

Accommodation; Tourism Services; Skills Development.

#### **Opportunities**

Hotel and Tourism Consulting Services; Hotel Management and Tourism Technology Applications; Skills Training and Development.

## **Web Resources**

[Bangladesh Tourism Board \(BTB\)](#)  
[Visit Bangladesh \(powered by BTB\)](#)  
[Bangladesh Parjatan Corporation](#)  
[Ministry of Civil Aviation and Tourism](#)  
[Tour Operators Association of Bangladesh](#)

## **Infrastructure Development and Engineering Services**

### **Overview**

Infrastructure bottlenecks are among the largest inhibitors of economic growth in Bangladesh. The World Bank estimates that Bangladesh must spend \$7.4 billion to \$10 billion a year until 2020 to bring its power grids, roads and water supplies up to the standard needed to serve its growing population. The transportation sector alone will require between \$36 and \$45 billion of investments. Other priority sectors identified by the World Bank include: water supply and sanitation, solid waste management, and telecommunications.

The substantial infrastructure needs offers opportunities for U.S. infrastructure development and engineering services. Many of the 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 an 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](#)  
[The Infrastructure Development Company Limited \(IDCOL\)](#)  
[Ministry of Shipping](#)  
[Ministry of Water Resources](#)  
[Bangladesh Inland Water Transport Authority \(BIWTA\)](#)  
[Local Government Engineering Department](#)

## **Garment and Textile Machinery and Equipment**

### **Overview**

The export-oriented ready-made garment (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 82 percent of Bangladesh's

total exports. From spinning to weaving, from knitwear to leisurewear and high street fashions, 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 trading status with Canada, the EU and Japan;
- Clusters of companies providing a local supplier base with depth in skilled labor, training, and technical development facilities.

In FY2015– 2016, Bangladesh's RMG exports reached \$28 billion (out of \$32 billion in total exports). Despite political instability, global competition, factory safety issues, infrastructure deficiencies and other struggles and limitations, the RMG sector continues to grow. Bangladesh’s RMG sector has a bright future, as competitors like China are moving up the value chain, leaving value apparel manufacturing to cost effective players like 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.

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

	2014	2015	2016	2017 (Estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	24,491,880	25,491,40	28,000,000	29,000,000
Total Imports	N/A	N/A	N/A	N/A
Imports from the US	N/A	N/A	N/A	N/A
Total Market Size	24,491,880	25,491,40	28,000,000	29,000,000
Exchange Rates	N/A	N/A	N/A	N/A

(Bangladesh garment exports 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 \(BTMA\)](#)

## **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. An increase in terrorist attacks, including attacks on Bangladesh security forces, has also increased the demand for security and defense services and equipment in Bangladesh.

The Bangladesh Fiscal Year 2016–2017 budget included \$5.3 billion in defense and security related expenditures: The Ministry of Defense, including the Armed Forces Division, accounted for \$2.8 billion and the Ministry of Home Affairs, with purview over police and security operations, accounted for \$2.5 billion. The FY 2016–2017 defense and security expenditures were 13 percent higher than the previous year’s expenditures. An external report by PRNewswire suggests the total budget for security will increase to \$10.4 billion by 2020.

According to analysis from research consultancy Strategic Defence 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.

Procurement for the Ministry of Defense and the various armed forces, including the Army, Navy, and Air Force, is managed by the Directorate General of Defense Procurement (DGDP). Procurement for the Ministry of Home Affairs is managed by the ministry’s procurement office and governed by the Public Procurement Act of 2009. Tenders for security and defense equipment and services are frequently open to only 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 \(DGDP\)](#)



## **Customs, Regulations & Standards**

### **Trade Barriers**

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

Foreign companies are allowed to provide services in Bangladesh except in sectors that are subject to administrative licensing processes. Yet new market entrants face significant restrictions with respect to most regulated commercial fields (including telecommunications, banking, and insurance), and the process for establishing legal entities such as financial institutions is subject to strict regulatory requirements. There have been reports that licenses are not always awarded in a transparent manner. Transfer of control of a business from local to foreign shareholders requires prior approval from the Bangladesh Bank (control is defined as the ability to control the board of directors or a majority of the directors). In 2016, the Bangladesh Investment Development Authority (BIDA) was formed from the merger of the Board of Investment and the Privatization Commission. BIDA's goal is to push for implementation of a One-Stop Service Act and to become Bangladesh's one-stop private investment promotion and facilitation agency.

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 that outbound transfers from Bangladesh remain cumbersome and that 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.

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 frequent 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 claims of title to extort settlement 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 Tariff**

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 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 quantity 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 15.5 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 5 to 15 percent, with exemptions for input materials previously mentioned; and a supplementary duty of 10 to 150 percent, which applies to luxury items such as cigarettes 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 & 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 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 maximum 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 the Export Processing Zones (EPZs); the Bangladesh Small and Cottage Industries Corporation (BSCIC), for small and medium-sized enterprises; the Handloom Board, for handloom industries run by weavers' associations engaged in the preservation of classical Bangladesh weaving techniques; and the Bangladesh Investment Development Board (BIDA) (formerly the Board of Investment), 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. The Chief Controller issues import registration certificates (IRC). An IRC is generally issued within 10 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 for 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/Marking Requirements**

Sellers should seek specific guidance from buyers. Outer containers should bear the consignee and port mark and 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 expiry 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 general 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.

## **Temporary Entry**

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 & 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 2015-18. The previous policy order expired on June 30, 2015 (however it remained valid until the Import Policy Order 2015-18 was issued). The new policy puts emphasis on easing the imports 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 garment 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. 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. According to the new policy order, ocean-going ships, oil tankers and fishing trawlers older than 25 years cannot be imported. To import abandoned ships (scrap vessels), the exporter or owner must have a certification and importer must issue a declaration to the effect that 'toxic or hazardous waste are not being transported'.

Items banned on either 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. The NBR is part of the Internal Resources Division (IRD) under the Ministry of Finance. The Customs wing of the 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
- Training Institute for Chemical Industries (BCIC)
- Bangladesh Centre for Scientific and Industrial Research (BCSIR)
- Fisheries Inspection & Quality Control (FIQC)
- Bangladesh Atomic Energy Commission (BAEC)
- Central Drug Testing Laboratory (CDTL)
- Department of Public Health Engineering (DPHE)

The national accreditation body, [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 the issuance of government rules and regulations.

### **Contact Information**

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

Maan Bhaban

Tejgaon Industrial Area, 116-A

Dhaka, Bangladesh

Phone: +880 2-8870275

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

Ministry of Industries (4th Floor), 91

Dhaka-1000, Bangladesh

Phone: +880 1940-362259

### **Trade Agreements**

Additional information regarding Bangladesh’s free trade agreements is available in the Investment Climate Statement “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](#)

### **Web Resources**

[Import Policy Order – Bangladesh Customs](#)

[Office of the Chief Controller of Imports and Exports](#)

[U.S. Export Controls and Licenses](#)

[Bureau of Industry and Security](#)

[National Board of Revenue](#)

[Bangladesh Gazette](#)

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

[Bangladesh Accreditation Board](#)

# Investment Climate Statement

## Executive Summary

Bangladesh, the world's eighth most populous country, offers promising opportunities for investment, especially in the oil and gas, power, pharmaceutical, information technology, telecommunications, and infrastructure sectors as well as in labor-intensive industries such as ready-made garments, household textiles, and leather processing. With over six percent annual growth sustained over the past two and a half decades, a large, young and hard-working workforce, strategic location, and vibrant private sector, Bangladesh is likely to attract increasing investment in coming years.

The Government of Bangladesh actively seeks foreign investment, particularly in the apparel industry, energy, power, and infrastructure projects. It offers a range of investment incentives under its industrial policy and export-oriented growth strategy with few formal distinctions between foreign and domestic private investors. According to the central bank of Bangladesh, the country received \$2.0 billion in foreign direct investment (FDI) FY 2015-16, up from \$1.8 billion in the previous year.

Bangladesh has made gradual progress in reducing some constraints on investment, including the progress with ensuring reliable electricity, but inadequate infrastructure, limited financing capabilities, bureaucratic delays, and corruption continue to hinder foreign investment. New government efforts to improve the business environment show promise but implementation has yet to be seen. Slow adoption of alternative dispute resolution mechanisms and sluggish judicial processes impede the enforcement of contracts and the resolution of business disputes.

On July 1, 2016, terrorists killed more than 20 people in a restaurant frequented by foreigners in Dhaka's diplomatic enclave, including one U.S. citizen. Da'esh (also referred to as IS, ISIL, or ISIS) and Al Qaeda in the Indian Subcontinent (AQIS) have publicly claimed credit for multiple attacks since September 2015. In October 2016, Da'esh threatened to target "expats, tourists, diplomats, garment buyers, missionaries, and sports teams" in the most "secured zones" in Bangladesh.

International brands and the international community continue to press the Government of Bangladesh to meaningfully address worker rights and safety problems in Bangladesh. Labor unrest in December 2016 increased pressure on Bangladesh to show progress towards meeting the U.S. Government's 16-point Generalized System of Preferences (GSP) Action Plan.

The government has limited resources for intellectual property rights (IPR) protection and Counterfeit goods are readily available in Bangladesh. Government policies in the information and telecommunications (ICT) sector are still under development. Current policies grant the government broad powers to intervene in the sector.

Capital markets in Bangladesh are still developing and the financial sector is still highly dependent on banks.

**Table 1: Major Economic Statistics Summary**

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	145 of 176	<a href="#">Corruption Perception Index</a>
World Bank's Doing Business Report "Ease of Doing Business"	2016	176 of 190	<a href="#">WB Doing Business Report</a>
Global Innovation Index	2016	117 of 128	<a href="#">Global Innovation Index</a>
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 589.0 million	<a href="#">US FDI</a>
World Bank GNI per capita	2015	USD 1,190	<a href="#">WB GNI per capita</a>

## Openness to and Restrictions upon Foreign Investment

Bangladesh actively seeks foreign investment, particularly in apparel, power, oil and gas, and infrastructure projects. It offers a range of investment incentives under its industrial policy and export-oriented growth strategy with few formal distinctions between foreign and domestic private investors.

- 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;
  - Security printing.

The Bangladesh Investment Development Authority (BIDA) is the principal authority tasked with promoting supervising and promoting private investment. The BIDA Act of 2016 approved the merger of the now disbanded Board of Investment and the Privatization Committee. BIDA performs the following functions:

- Provides pre-investment counseling services
- Registers and approves of private industrial projects
- Issues approval of branch/liaison/representative offices
- Issues work permits for foreign nationals
- Issues approval of royalty remittances, technical know-how and technical assistance fees
- Facilitates import of capital machinery and raw materials
- Issues approvals for foreign loans and supplier credits

The Bangladesh Export Processing Zone Authority (BEPZA) acts as the investment supervisory authority in export processing zones (EPZs). BEPZA is the one stop service provider and regulatory authority for companies operating inside EPZs. In addition, Bangladesh plans to establish over 100 Economic Zones (EZs) over the next several years. The EZs are designed to attract additional foreign investment to locations throughout the country. The Bangladesh Economic Zones Authority (BEZA) is responsible for supervising and promoting investments in the economic zones (EZs).



## **Limit on Foreign Control and Right to Private Ownership and Establishment**

Foreign and domestic private entities can establish and own, operate, and dispose of interests in most types of business enterprises. Bangladesh allows private investment in power generation and natural gas exploration, but efforts to allow full foreign participation in petroleum marketing and gas distribution have stalled. Draft regulations in the area of telecommunication infrastructure currently include provisions precluding 100 percent foreign ownership.

Four sectors are reserved for government investment and exclude both foreign and domestic private sector activity:

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

In addition, there are 17 controlled sectors that require prior clearance/ permission from the respective line ministries/authorities. These are:

- a) Fishing in the deep sea
- b) Bank/financial institution in the private sector
- c) Insurance company in the private sector
- d) Generation, supply and distribution of power in the private sector
- e) Exploration, extraction and supply of natural gas/oil
- f) Exploration, extraction and supply of coal
- g) Exploration, extraction and supply of other mineral resources
- h) Large-scale infrastructure project (e.g. flyover, elevated expressway, monorail, economic zone, inland container depot/container freight station)
- i) Crude oil refinery (recycling/refining of lube oil used as fuel)
- j) Medium and large industry using natural gas/condensate and other minerals as raw material
- k) Telecommunication service (mobile/cellular and land phone)
- l) Satellite channel
- m) Cargo/passenger aviation
- n) Sea-bound ship transport
- o) Sea-port/deep seaport
- p) VOIP/IP telephone
- q) Industries using heavy minerals accumulated from sea beach

While discrimination against foreign investors is not widespread, the government frequently promotes local industries and some discriminatory policies and regulations exist. For example, the government closely controls approvals for imported medicines that compete with domestically-manufactured pharmaceutical products and it has required majority local ownership of new shipping and insurance companies, albeit with exemptions for existing foreign-owned firms, following a prime ministerial directive. In practical terms, foreign investors frequently find it necessary to have a local partner even though this requirement may not be statutorily defined.

## **Business Registration**

The Bangladesh Investment Development Authority (BIDA), formerly the Board of Investment, is responsible for screening, reviewing and approving FDI in Bangladesh. BIDA is directly supervised by the Prime Minister's office and the Chairman of BIDA has Minister-equivalent rank. There have been instances where receiving approval was delayed. Once the foreign investor's application is submitted to BIDA, the authorities review the proposal to ensure the investment does not create conflicts with local business. Investors note it is frequently necessary to separately register with other entities such as the National Board of Revenue. According to the [World Bank](#), business registration in Bangladesh takes 19.5 days on average with [nine distinct steps](#).

Requirements vary by sector, but all foreign investors are also required to obtain clearance certificates from relevant ministries and institutions with regulatory oversight. BIDA establishes time-lines for the submission of all the required documents. For example, if a proposed foreign investment is in the healthcare equipment field, investors need to obtain a No Objection Certificate (NOC) from the Directorate General for Health Services under the Ministry of Health. The NOC states that the specific investment will not hinder local manufacturers and is in alignment with the guidelines of the ministry. Negative outcomes can be appealed, except for applications pertaining to the four restricted sectors previously mentioned.

A foreign investor also must register its company with the Registrar of Joint Stock Companies and Firms (RJSC&F) and open a local bank account under the registered company's name. For BIDA screening, an investor must submit the RJSC&F Company Registration certificate, legal bank account details, a NOC from the relevant ministry, department, or institution, and a project profile (if the investment is more than \$1.25 million) along with BIDA's formatted application form.

## **Other Investment Policy Reviews**

In 2013 Bangladesh completed an [Investment Policy Review \(IPR\)](#) with the United Nations Conference on Trade and Development (UNCTAD).

Bangladesh has not conducted an IPR through the Organization for Economic Cooperation and Development.

A Trade Policy Review was last done by the [World Trade Organization](#) in October 2012.

With EU assistance, Bangladesh conducted a trade policy review, the "[Comprehensive Trade Policy of Bangladesh](#)" which was published in the Ministry of Commerce in September 2014 and is still in draft mode pending further review and approval.

## **Business Facilitation**

The Government has had limited success reducing the time required to establish a company. BIDA and BEZA are both attempting to establish one-stop business registration shops and these agencies have proposed draft legislation for this purpose.

Companies can register their business at [Office of the Registrar of Joint Stock Companies and Firms](#). However, the online business registration process is not clear and cannot be used by a

foreign company to attain the business registration as certain steps are required to be performed in-person.

In addition, BIDA has branch/liason [office registration information](#). The online business registration process is clear and complete but cannot be used by foreign companies to attain the business registration as certain steps are required to be performed in-person.

Other agencies with which a company must typically register are as follows:

- City Corporation – Trade License
- National Board of Revenue – Tax & VAT Registration
- Chief Inspector of Shops and Establishments – Employment of workers notification

The company registration process now takes around 15 workdays to complete. The process to open a branch or liaison office is approximately one month. The process for trade license, tax registration, and VAT registration requires seven days, two days, and three weeks, respectively.

### **Outward Investment**

Outward foreign direct investment is generally restricted through the Foreign Exchange Regulation Act of 1947. As a result, the Bangladesh Bank plays a key role in limiting outbound investment. In September 2015, the government amended the 1947 Act by adding a “conditional provision” that permits outbound investment for export-related enterprises. Private sector contacts note that the few international investments approved by the Bangladesh Bank have been limited to large exporting companies with international experience.

### **Bilateral Investment Agreement and Taxation Treaties**

Bangladesh has signed bilateral investment treaties with 28 countries, including Austria, the Belgium-Luxembourg Economic Union, China, Denmark, France, Germany, India, Indonesia, Iran, Italy, Japan, Democratic People’s Republic of Korea, Republic of Korea, Malaysia, Netherlands, Pakistan, Philippines, Poland, Romania, Singapore, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom, United States, Uzbekistan and Vietnam.

The U.S.-Bangladesh Bilateral Investment Treaty, signed on March 12, 1986, entered into force on July 23, 1989. The Foreign Investment Act includes a guarantee of national treatment.

The United States and Bangladesh signed a bilateral treaty for the avoidance of double taxation on September 26, 2004. The United States ratified it on March 31, 2006. The parties exchanged instruments of ratification on August 7, 2006. The treaty became effective for most taxpayers beginning in the 2007 tax year.

Bangladesh has successfully negotiated several regional trade and economic agreements, including the South Asian Free Trade Area (SAFTA), the Asia-Pacific Trade Agreement (APTA), and the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC). Bangladesh has not signed any bilateral free trade agreements (FTA) but has started initial FTA discussions with Sri Lanka in March 2017.

Bangladesh has taken steps to strengthen bilateral economic relations with India by reducing trade barriers and improving connectivity. Bangladesh gained duty-free access to India via regional, not bilateral trade agreements. The first is the South Asian Association for Regional Cooperation (SAARC) Preferential Trading Arrangement (SAPTA) that was signed in April 1993 and operationalized in December 1995, which gives limited preferential market access to exports of member countries. The second is the South Asian Free Trade Area (SAFTA) agreement that was signed in January 2004 in Islamabad and entered into force from January 2006. Tariff reduction under SAFTA started from July 2006. Since November 2011, under SAFTA Bangladesh can export goods duty-free to India, with the exception of alcohol and tobacco. India also provides duty-free and preferential tariff treatment to Bangladesh under the Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs) effective from August 13, 2008. As a founding member of the World Trade Organization (WTO) and as a Less Developed Country (LDC), Bangladesh has been an active advocate for LDC interests in WTO negotiations.

## **Legal Regime**

### **Transparency of the Regulatory System**

Since 1989, the government has gradually moved to decrease regulatory obstruction of private business. The chambers of commerce have called for a greater voice for the private sector in government decisions and for privatization, but at the same time many support protectionism and subsidies for their own industries. The result is that policy and regulations in Bangladesh are often not clear, consistent, or publicized. Registration and regulatory processes are alleged to be frequently used as rent-seeking opportunities. The major rule-making and regulatory authority exist in the national level – under each Ministry with many final decisions being made at the top-most levels, including the Prime Minister’s office (PMO). The PMO is actively engaged in policies, as well as foreign investment in government-controlled projects.

The Bangladesh Investment Development Authority (BIDA) – a merger of the Board of Investment (BOI) and the Privatization Commission (PC) – was formed in accordance with the Bangladesh Investment Development Authority Bill 2016 passed by parliament on July 25, 2016. The bill established BIDA as the apex private investment promotion and facilitation agency in Bangladesh. The move came amid complaints about redundancies in the BOI’s and the PC’s overlapping mandates and concerns that the PC had not made sufficient progress. BIDA hopes to become a “one-stop shop” for investors and a “true” investment promotion authority rather than simply follow the referral service-orientation of BOI. Currently, BIDA is not yet a one-stop shop and companies must still seek approvals from relevant line ministries

Bangladesh has achieved incremental progress in using information technology to improve the transparency and efficiency of some government services and to develop independent agencies to regulate the energy and telecommunication sectors. Some investors cited government laws, regulations, and implementation as impediments to investment. The government has historically limited opportunities for the private sector to comment on proposed regulations. In 2009, Bangladesh adopted the Right to Information Act that provides for multilevel stakeholders consultation through workshops or media outreach. Although the consultation process exists, it is still weak and subject to further improvement.

Ministries do not generally publish and release draft proposals to the public. However, several agencies, including the Bangladesh Bank, BIDA, the Commerce of Ministry and the Bangladesh Telecommunications Regulatory Commission have occasionally posted draft legislation and regulations online and solicited feedback from the business community. In some instances, parliamentary committees have also reached out to relevant stakeholders for input on draft legislation. The media continues to be the main information source for the public on many draft proposals. There is also no legal obligation to publish proposed regulations, consider alternatives to proposed regulation, or solicit comments from the general public.

Regulatory agencies generally do not solicit comments on proposed regulations from the general public; however, when a consultation occurs, comments may be received through public media consultation, feedback on websites (e.g., in the past, the Bangladesh Bank received comments on monetary policy), Focused Group Discussions (FGDs), or workshops with relevant stakeholders. There is no government body tasked with soliciting and receiving comments, but the Bangladesh Government Press of the Ministry of Information is entrusted with the authority of disseminating government information to the public. The law does not require regulatory agencies to report on the results of consultations, and in practice, regulators do not generally report the results. Widespread use of social media in Bangladesh has created an additional platform for public input into developing regulations, and government officials appear to be sensitive to this form of messaging.

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

Bangladesh passed the Financial Reporting Act of 2015 that created the Financial Reporting Council (FRC) and aims to establish transparency and accountability in the accounting and auditing of financial institutions. However, the FRC is not fully operational and accounting practices and quality varies widely in Bangladesh. Internationally known and recognized firms have begun establishing local offices in Bangladesh and the presence of these firms is positively influencing the accounting norms in the country. Some firms are capable of providing financial reports audited to international standards while others maintain unreliable (or multiple) sets of accounting reports. Regulatory agencies also do not conduct impact assessment of proposed regulations; hence, regulations are often not reviewed on the basis of data-driven assessments. National budget documents are not prepared according to internationally accepted standards.

### **International Regulatory Considerations**

Bangladesh has successfully negotiated several regional trade and economic agreements, including the South Asian Free Trade Area (SAFTA), the South Asia Association for Regional Cooperation, the Asia-Pacific Trade Agreement (APTA), and the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC). BIMSTEC in particular aims to integrate regional regulatory systems between Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan. However, efforts to advance regional cooperation measures have stalled in recent years and regulatory systems remain uncoordinated.

Local law is based on English Common Law system, but most fall short of international standards. The country's regulatory system remains weak, where many of the laws and regulations are not enforced and standards are not maintained.

Bangladesh has been a member of the World Trade Organization (WTO) since January, 1995. WTO requires all signatories to the Agreement on Technical Barriers to Trade (TBT) to establish a National Inquiry Point and Notification Authority to gather and efficiently distribute trade-related regulatory, standards and conformity assessment information to the WTO Member community. Bangladesh Standards and Testing Institute (BSTI) is the National Enquiry Point. There is an internal committee on WTO affairs in BSTI and it participates in the notification activities to WTO through the Ministry of Commerce and the Ministry of Industries.

The contact address of the Bangladesh WTO-TBT National Enquiry Point is:

Maan Bhaban

116/A, Tejgaon Industrial Area, Dhaka-1208

Tel: +88-02 8870278 ( off ) , Fax : +88-02-9131581

Mob: +8801552402985, +8801915479519

E-mail: [rezaulkarim60@gmail.com](mailto:rezaulkarim60@gmail.com)

[WTO-TBT activities in BSTI](#)

### **Legal System and Judicial Independence**

Bangladesh is a common law based jurisdiction. Many of the basic laws of Bangladesh such as penal code, civil and criminal procedural codes, contract law and company law are influenced by English common laws. However family laws such as laws relating to marriage, dissolution of marriage and inheritance are based on religious scripts, and therefore differ between religious communities. The Bangladeshi legal system is based on a written constitution and the laws often take statutory forms that are enacted by the legislature and interpreted by the higher courts. Ordinarily, executive authorities and statutory corporations cannot make any law, but can make by-laws to the extent authorized by the legislature. Such subordinate legislation is known as rules or regulations and is also enforceable by the court. Yet, being a common law system, the statutes are short, and set out basic rights and responsibilities, but are elaborated by the courts in their application and interpretation of those. The Judiciary of Bangladesh acts through the (1) The Superior Judiciary having Appellate, Revision & Original Jurisdiction, and (2) Sub-Ordinate Judiciary having Original Jurisdiction.

Since 1971, Bangladesh's legal system has been updated in areas of company, banking, bankruptcy and money loan court laws, and other commercial laws. An important impediment to investment in Bangladesh is a weak and slow legal system in which the enforceability of contracts is uncertain. The judicial system does not provide for interest to be charged in tort judgments, which means delays in proceedings carry no penalties. Bangladesh does not have a separate court or division of a court dedicated solely to hearing commercial cases. The Joint District Judge court (a civil court) is responsible for enforcing contracts. Bangladesh scored 7.5 in the World Bank's 2016 Quality of Judicial Processes Index out of an 18 score.

Some notable commercial laws include:

- The Contract Act, 1872 (Act No. IX of 1930)
- The Sale of Goods Act, 1930 (Act No. III of 1930)
- The Partnership Act, 1932 (Act No. IX of 1932)
- The Negotiable Instruments Act, 1881 (Act No. XXVI of 1881)
- The Bankruptcy Act, 1997 (Act No. X of 1997)
- The Arbitration Act, 2001 (Act No. I of 2001)

The judicial system of Bangladesh has never been completely independent from the interference of the executive branch of the government. In a significant milestone, the government in 2007 separated the country's judiciary from the executive, but the executive retains strong influence over the judiciary through control of judicial appointments. Other pillars of the justice system, including the police, courts, and legal profession are also closely aligned with the executive branch. In lower courts, corruption is widely perceived as a serious problem. Regulations or enforcement actions are appealable under the Appellate Division of the Supreme Court.

### **Laws and Regulations on Foreign Direct Investment**

Major laws affecting foreign investment include: the Foreign Private Investment (Promotion and Protection) Act of 1980, the Bangladesh Export Processing Zones Authority Act of 1980, the Companies Act of 1994, the Telecommunications Act of 2001, the Industrial Policy Act of 2005, the Industrial Policy Act of 2010, and the Bangladesh Economic Zones Act 2010. The Industrial Policy Act of 2016 was approved by the Cabinet Committee on Industrial Purchase on February 24, 2016 and replaces the Industrial Policy of 2010.

The Industrial Policy Act of 2016, which replaced the 2010 Act, offers incentives for “green”, high-tech, or “transformative” industries. Foreign investors who invest \$1 million or transfer \$2 million to a recognized financial institution can apply for Bangladeshi citizenship. The Government of Bangladesh will provide financial and policy support for high-priority industries (those that create large-scale employment and earn substantial export revenue) and creative (architecture, arts and antiques, fashion design, film and video, interactive laser software, software, and computer and media programming) industries. Specific importance will be given to agriculture and food processing, ready-made garments (RMG), information and communication technology (ICT) and software, pharmaceuticals, leather and leather products, and jute and jute goods.

In the past year, BIDA has submitted proposed legislation for a One-Stop Service Act (OSS) to attract further foreign direct investment to Bangladesh. In addition, Petrobangla, the state-owned oil and gas company, has modified its production sharing agreement contract for offshore gas exploration to include an option to export gas.

BIDA has a [“one-stop” website](#) that provides relevant laws, rules, procedure, and reporting requirements for investors. Aside from information on relevant business laws and licenses, the website includes information on Bangladesh’s investment climate, opportunities for business, potential sectors, and how to do business in Bangladesh. The website also has an eService Portal for Investors, which provides services like visa recommendations for foreign investors, approval/ extension of work permit for expatriates, approval of foreign borrowing,

and approval/ renewal of branch/ liaison and representative office. However, the effectiveness of these online services is questionable.

### **Competition and Anti-Trust Laws**

The Government of Bangladesh formed an independent agency in 2011 called the "Bangladesh Competition Commission (BCC)" under the Ministry of Commerce. The Parliament of Bangladesh then passed the Competition Act in June 2012, and in September 2013, Joint Additional Secretary Md. Sujayet Ullah was appointed to operationalize the BCC. However, the BCC has experienced operational delays. Currently, the WTO Cell of the Ministry of Commerce, which has stated the BCC will start functioning soon, handles all competition-related issues but the exact date has not been confirmed.

In January 2016, the two parent companies of Malaysia-based Robi and India-based Airtel signed a formal deal to merge their operations in Bangladesh, completing the country's first telecommunications merger. The deal, valued at \$12.5 million, is to date, Bangladesh's largest corporate merger. The merger raised anti-competition concerns but it was completed in November 2016 after the Bangladesh Telecommunication Regulatory Commission (BTRC) and Prime Minister Sheikh Hasina gave final approvals.

### **Expropriation and Compensation**

Since the Foreign Investment Act of 1980 banned nationalization or expropriation without adequate compensation, the Government of Bangladesh has not nationalized or expropriated property from foreign investors. In the years immediately following independence in 1971, widespread nationalization resulted in government ownership of more than 90 percent of fixed assets in the modern manufacturing sector, including the textile, jute and sugar industries and all banking and insurance interests, except those in foreign (but non-Pakistani) hands. The government has since taken steps to privatize many of these industries during the last 20 years and the private sector has developed into a main driver of the country's sustained economic growth of approximately six percent per year during the past two decades.

### **Dispute Settlement**

#### *ICSID Convention and New York Convention*

Bangladesh is a signatory to the International Convention for the Settlement of Disputes (ICSID) and it acceded in May 1992 to the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards. Alternative dispute resolutions are possible under the Bangladesh Arbitration Act of 2001. The current legislation allows for enforcement of arbitral awards.

#### *Investor-State Dispute Settlement*

Bangladeshi law allows contracts to refer dispute settlement to third country forums for resolution. Bangladesh is also a party to the South Asia Association for Regional Cooperation (SAARC) Agreement for the Establishment of an Arbitration Council, signed November 2005, which aims to establish a permanent center for alternative dispute resolution in one of the SAARC member countries.



In practice, enforcement of arbitration results is applied unevenly and the government has challenged ICSID rulings, especially those that involve rulings against the government. The timeframe for dispute resolution is unpredictable and has no set limit. It can be done as quickly as a few months, but often takes years depending on the type of dispute. Anecdotal information indicates average resolution times can be as high as 16 years. Local courts may be biased against foreign investors in resolving disputes.

Bangladesh is a signatory of the New York Convention and recognizes the enforcement of international arbitration awards. Domestic arbitration is under the authority of the district judge court bench and foreign arbitration is under the authority of the relevant high court bench.

The ability of the Bangladeshi judicial system to enforce its own awards is weak. Senior members of the government have been effective in using their offices to resolve investment disputes on several occasions, but the government's ability to resolve investment disputes at a lower level is mixed. The government does not publish the numbers of investment disputes involving U.S. or foreign investors. Anecdotal evidence indicates investment disputes occur with limited frequency and the involved parties often resolve the disputes privately rather than seek government intervention.

The greatest number of complaints arising from U.S. investors in recent years involves disputes with the National Board of Revenue (NBR) over prior year tax returns. The investors have alleged that NBR is disproportionately targeting them to meet tax collection targets and not due to legitimate problems with previously filed tax returns.

#### *International Commercial Arbitration and Foreign Courts*

Bangladeshi law allows contracts to refer dispute settlement to third country forums for resolution. The Bangladesh Arbitration Act of 2001 and amendments in 2004 reformed alternative dispute resolution in Bangladesh. The Act consolidated the law relating to both domestic and international commercial arbitration. It thus creates a single and unified legal regime for arbitration in Bangladesh. Although the new Act is principally based on the UNCITRAL Model Law, it is a patchwork quilt as some unique provisions are derived from the Indian Arbitration and Conciliation Act 1996 and some from the English Arbitration Act 1996.

The practice of alternative dispute resolution (ADR) in Bangladesh has many challenges, including lack of funds, lack of lawyer cooperation, and lack of good faith. Slow adoption of ADR mechanisms and sluggish judicial processes impede the enforcement of contracts and the resolution of business disputes in Bangladesh.

As in many countries, Bangladesh has adopted a "conflicts of law" approach to determining whether a judgment from a foreign legal jurisdiction is enforceable in Bangladesh. This single criterion allows the courts of Bangladesh broad discretion in choosing whether to enforce foreign judgments with significant effects on matrimonial, adoption, corporate, and property disputes. Most enterprises in Bangladesh, and especially state-owned enterprises (SOEs) because the ruling government party nominates the company leaders, maintain strong ties with the government. Thus, domestic courts strongly tend to favor SOEs and thereafter, local companies, in investment disputes.

Investors are also increasingly turning to the Bangladesh International Arbitration Center (BIAC) for dispute resolution. BIAC is an independent arbitration center established by prominent local business leaders in April 2011 to improve commercial dispute resolution in Bangladesh to stimulate economic growth. The council committee is headed by the President of International Chamber of Commerce – Bangladesh (ICC,B) and includes the presidents of other prominent chambers such as like Dhaka Chamber of Commerce and Industry (DCCI) and Metropolitan Chamber of Commerce and Industry (MCCI). The center operates under the Bangladesh Arbitration Act of 2001. According to BIAC, fast track cases are resolved in approximately six months while typical cases are resolved in one year. Major Bangladeshi trade and business associations such as the American Chamber of Commerce in Bangladesh (AmCham) can sometimes help to resolve transaction disputes.

### **Bankruptcy Regulations**

Many laws affecting investment in Bangladesh are old and outdated. Bankruptcy laws, which apply mainly to individual insolvency, are sometimes not used in business cases because of webs of falsified assets and uncollectible cross-indebtedness supporting insolvent banks and companies. A Bankruptcy Act was enacted in 1997, but has been ineffective in addressing these issues. An amendment to the Bank Companies Act of 1991 was enacted in 2013. Some bankruptcy cases fall under the Money Loan Court Act, which has more stringent and timely procedures.

### **Industrial Policies**

#### **Investment Incentives**

In certain areas, current regulations permit a tax holiday for designated “thrust” (strategic) sectors and infrastructure projects established between July 01, 2011 and June 30, 2019. Industries set up in Export Processing Zones (EPZs) are also eligible for tax holidays.

Thrust sectors subject to exemption include: certain pharmaceuticals, automobile manufacturing, contraceptives, rubber latex, chemicals or dyes, certain electronics, bicycles, fertilizer, biotechnology, commercial boilers, certain brickmaking technologies, compressors, computer hardware, energy efficient appliances, insecticides, pesticides, petro-chemicals, fruit and vegetable processing textile machinery, tissue grafting and tire manufacturing industries.

Physical infrastructures eligible for exemptions include: deep sea ports, elevated expressways, road overpasses, toll road and bridges, EPZs, gas pipelines, information technology parks, industrial waste and water treatment facilities, liquefied natural gas (LNG) terminals, electricity transmission, rapid transit projects, renewable energy projects, ports, .

*Table 2: Tax Holidays*

Year	Thrust Industries (Urban Areas)	Thrust Industries (Rural Areas)	Physical Infra Projects	EPZs (Dhaka and Chittagong Urban)	EPZs (Other areas)	BEZA and High-Tech Parks Infra Projects	BEZA and High-Tech Park
1	100%	100%	100%	100%	100%	100%	100%

2	100%	100%	100%	100%	100%	100%	100%
3	60%	70%	80%	50%	100%	100%	100%
4	40%	55%	70%	50%	50%	100%	80%
5	20%	40%	60%	25%	50%	100%	70%
6		25%	50%		50%	100%	60%
7		10%	40%		25%	100%	50%
8			30%			100%	40%
9			20%			100%	30%
10			10%			100%	30%
11						70%	
12						30%	

In addition to the above tax rebate, manufacturers located in rural areas and commencing commercial operations between July 1, 2014 and June 30, 2019 are eligible for tax exemptions of up to 20 percent for the first 10 years of production.

Independent non-coal fired power plants (IPPs) commencing production (COD) after January 1, 2015 are granted a 100 percent tax exemption for 5 years, a 50 percent exemption for years 6-8, and a 25 percent exemption for years 9-10. For Coal-fired IPPs contracting with Government before June 30, 2020 and COD before June 30, 2023, the tax exemption rate is 100 percent for the first 15 years of operations. For power projects, import duties are waived for imports of capital machinery and spare parts.

The valued-added tax rate on exports is zero. For companies that only export, import duties are waived for imports of capital machinery and spare parts. For companies that primarily export (80 percent and above) an import duty rate of 1 percent is charged for imports of capital machinery and spare parts identified and listed in notifications to relevant regulators. Import duties are also waived for EPZ industries and other export oriented industries for imports of raw materials consumed in production.

Special incentives are provided to encourage non-resident Bangladeshis to investment in the country. Non-resident Bangladeshi investors enjoy benefits similar to those of foreign investors. Moreover, unlike non-Bangladeshi foreign investors, they can buy newly issued shares and debentures in Bangladeshi companies. A quota of 10 percent of primary shares has been fixed for non-resident Bangladeshis. Furthermore, non-resident Bangladeshi's can maintain foreign currency deposits in Non-resident Foreign Currency Deposit (NFCD) accounts. Additional incentives include:

- Tax exemptions on: royalties, technical know-how fees paid to any foreign collaborator, firm, company or expert;
- Under certain conditions, tax exemption for the interest on foreign loans;
- On the basis of bilateral tax agreements, avoidance of double taxation;
- For foreign technicians employed in specified industries, an income tax exemption for up to three years;
- Repatriation of invested capital, profits and dividends;

- Six month multiple entry investor visas;
- Consideration for Bangladeshi citizenship for investing a minimum of US\$ 500,000 or by transferring US\$ 1,000,000 (non-repatriable) to any recognized domestic financial institution;
- Consideration for permanent residency by investing a minimum of \$75,000 (non-repatriable);
- Capital gains tax exemptions on transfers of shares of publicly listed companies.

### **Foreign Trade Zones/Free Ports/Trade Facilitation**

Under the Bangladesh Export Processing Zones Authority Act of 1980, the government established an EPZ in Chittagong in 1983. Additional EPZs now operate in Dhaka (Savar), Mongla, Ishwardi, Comilla, Uttara, Karnaphuli (Chittagong) and Adamjee (Dhaka). Korean investors are also operating a separate and private EPZ in Chittagong.

Investments that are wholly foreign-owned, joint ventures and wholly Bangladeshi-owned companies are all permitted to operate and enjoy equal treatment in the EPZs. Approximately a dozen U.S. firms -- mostly textile producers -- are currently operating in Bangladesh EPZs. Investors have begun to view intermittent services and increasing costs as making the EPZs less attractive.

In 2010, Bangladesh enacted the Special Economic Zone Act that allows the creation of privately owned economic zones (EZs) that can produce for export and domestic markets and is still current. The IFC assisted the government to establish an EZ authority, Bangladesh Economic Zones Authority (BEZA), modeled after BEPZA, to implement the new law and oversee the establishment of EZs. BEZA has already started the process to establish the first EZ at Mongla (Khulna).

The government recently [announced plans](#) to create up to 100 new EZs and invited private companies to develop the zones.

However, assurances regarding access to necessary infrastructure and other resources, including gas and power, have not been made.

### **Performance and Data Localization Requirements**

#### *Performance Requirements*

The Bangladesh Investment Development Authority (BIDA) has set restrictions for the employment of foreign nationals and the issuance of work permits as follows:

1. Nationals of countries recognized by Bangladesh are eligible for employment consideration;
2. Expatriate personnel will only be considered for employment in enterprises duly registered with the appropriate regulatory authority;
3. Employment of foreign nationals is generally limited to positions for which qualified local workers are unavailable;
4. Persons below 18 years of age are not eligible for employment;
5. The board of directors of the employing company must issue a resolution for each offers or extension of employment;

6. The percentage of foreign employees should not exceed 5% in industrial sectors and 20% in commercial sectors, including among senior management positions;
7. Initial employment of any foreign national is for a term of two years, which may be extended based on merit;
8. The Ministry of Home Affairs will issue necessary security clearance certificates.

In response to the high number of expatriate workers in the ready-made garment industry, BIDA has issued informal guidance encouraging industrial units to refrain from hiring additional semi-skilled foreign experts and workers. Overall, the government looks favorably on investments that employ significant numbers of local workers and/or provide training and transfers of technical skills.

The government does not formally mandate that investors use domestic content in goods or technology. However, companies bidding on government procurement tenders are often informally encouraged to have a local partner and to produce or assemble a percentage of their products in country.

#### *Data Storage Requirements*

According to a legal overview by the Telenor Group, for reasons of national security or in times of emergency, several regulations and amendments, including the Bangladesh Telecommunication Regulatory Act, 2001 (the “BTRA”), Information and Communication Technology Act 2006 (the “ICT Act”), and the Telegraph Act 1885 (the “1885 Act”), grant law enforcement and intelligence agencies legal authority to lawfully seek disclosure of communications data, and request censorship of communications. A draft Digital Security Act of 2016 (the Digital Security Act” has been approved by the cabinet and is pending review and adoption by parliament.

On the grounds of national security and maintaining public order, the government can authorize relevant government authorities (intelligence agencies, national security agencies, investigation agencies, or any officer of any law enforcement agency) to suspend or prohibit the transmission of any data or any voice call, and record or collect user information relating to any subscriber to a telecommunications service.

Under section 30 of the ICT Act, the government, through the ICT Controller, may access any computer system, any apparatus, data or any other material connected with a computer system, for the purpose of searching for and obtaining any such information or data. The ICT Controller may, by order, direct any person in charge of, or otherwise concerned with the operation of a computer system, data apparatus or material, to provide reasonable technical and other assistance as may be considered necessary. Under section 46 of the ICT Act, the ICT Controller can also direct any government agency to intercept any information transmitted through any computer resource, and may order any subscriber or any person in charge of computer resources to provide all necessary assistance to decrypt relevant information.

There is no direct reference in the [BTRA](#) to the storage of data and metadata. Under the broad powers granted to the BTRA, however, the government, on the grounds of national security and public order, may require telecommunications operators to keep records relating to the

communications of a specific user. Telecommunications operators are also required to provide any metadata as evidence if ordered to do so by any civil court.

The ICT Controller enforces the ICT Act and the Bangladesh Telecommunication Regulatory Commission (BTRC) enforces the BTRA. The Ministry of Home Affairs grants approval for use of powers given under the BTRA. The ICT Act also established a Cyber Tribunal to adjudicate cases. If approved, the Digital Act would create a Digital Security Agency (DSA) empowered to monitor and supervise digital content. Also under the Digital Act, for reasons of national security or maintenance of public order, the Director General (DG) of the DSA would be authorized to block communications and to require that service providers facilitate the interception, monitoring and decryption of a computer or other data source.

## **Protection of Property Rights**

### **Real Property**

Although land, whether for purchase or lease, is often critical for investment and as security against loans, antiquated real property laws and poor record-keeping systems can complicate land and property transactions. Instruments take effect from the date of execution, not the date of registration, so a bona fide purchaser can never be certain of title. Land registration records have been historically prone to competing claims. 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 claims of title to extort settlement compensation.

Property owners can obtain mortgages, but parties generally avoid registering mortgages, liens, and encumbrances due to the high cost of stamp duties (i.e., transaction taxes based on property value) and other charges.

Article 42 of the Bangladesh Constitution guarantees right to property for all citizens, but property rights are often not protected due to a weak judiciary system. The Transfer of Property Act of 1882 and the Registration Act of 1908 are the two main laws that regulate transfer of property in Bangladesh, but these laws do not have any specific provisions covering foreign and/or non-resident investors. Currently, foreigners and non-residents can incorporate a company with the Registrar of Joint Stock Companies and Firms. The company would be considered a local entity and would be able to buy land in its name.

### **Intellectual Property Rights**

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, manufacturers of consumer goods, 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.

BSA, the Software Alliance, established a Bangladesh office in early 2014 as a platform to improve IPR protection in Bangladesh. Public awareness of intellectual property rights is growing, thanks in part to the efforts of the [Intellectual Property Rights Association of Bangladesh](#). Bangladesh is not currently listed in the U.S. Trade Representative's Special 301 or Notorious Markets reports. Bangladesh is a member of the World Intellectual Property Organization (WIPO) and acceded to the Paris Convention on Intellectual Property in 1991.

Bangladesh has slowly made progress toward bringing its legislative framework into compliance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The government enacted a Copyright Law in July 2000 (amended in 2005), a Trademarks Act in 2009, and Geographical Indication of Goods (Registration and Protection) Act in 2013. The Department of Patent, Designs and Trademarks (DPDT) drafted a new Patent Act in 2014 prepared in compliance with the requirements of the TRIPS Agreement. The draft act remains under Ministry of Industries review, and this effort has not made measurable progress during the past year.

A number of government agencies are empowered to take action against counterfeiting, including the NBR/Customs, Mobile Courts, the Rapid Action Battalion (RAB) and local Police. The Department of National Consumer Rights Protection (DNCRP) is charged with tracking and reporting on counterfeit goods and the NBR/Customs tracks counterfeit goods seizures at ports of entry. Reports are not publicly available.

## **Financial Sector**

### **Capital Markets and Portfolio Investment**

Capital markets in Bangladesh are still developing and the financial sector remains highly dependent on bank lending. Current government policy inhibits the creation of reliable benchmarks for long-term bonds and prevents the development of a tradable bond market.

Bangladesh is home to the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). The Bangladesh Securities and Exchange Commission (BSEC), a statutory body formed in 1993 and attached to the Ministry of Finance, regulate both. As of March 2016, the DSE market capitalization stood at \$41 billion.

Although the Bangladesh government has a positive attitude towards foreign portfolio investors, participation remains low due to limited liquidity and the lack of publicly available and reliable company information. The DSE has attracted some foreign portfolio investors to the country's capital market; however, the volume of foreign investment in Bangladesh has remained a small fraction of total market capitalization. As a result, foreign portfolio investment has had limited influence on market trends and Bangladesh's capital markets have been largely insulated from the volatility of international financial markets. Bangladeshi markets continue to rely primarily on domestic investors, and Bangladeshi firms increasingly rely on capital markets to finance investment projects. In March 2017, the government relaxed investment rules making it possible for foreign investors to use local currency to invest in directly local companies through the purchase of corporate shares.

BSEC has formed separate committees to establish a central clearing and settlement company, allow venture capital and private equity firms, launch derivatives products, and activate the

bond market. In December 2013, BSEC became a full signatory of International Organization of Securities Commissions (IOSCO) Memorandum of Understanding and was elevated to the 'A' category of regulators.

BSEC has taken steps to improve regulatory oversight including installing a modern surveillance system, the "Instant Market Watch", that provides real time connectivity with exchanges and depository institutions. As a result, the market abuse detection capabilities of BSEC have increased significantly. A new mandatory Corporate Governance Code for listed companies was introduced in August 2012. Demutualization of both the DSE and CSE was completed in November 2013 to separate ownership of the exchanges from trading rights. A majority of the members of the Demutualization Board, including the Chairman, are independent directors. Apart from this, a separate tribunal has been established to resolve capital market-related criminal cases expeditiously. All these reforms target a disciplined market with better infrastructure so that entrepreneurs can raise capital and attract foreign investors.

According to the International Monetary Fund (IMF), Bangladesh is an Article VIII member and maintains restrictions on the unapproved exchange, conversion, and/or transfer of proceeds of international transactions into non-resident taka-denominated accounts. Since 2015, authorities have relaxed restrictions by allowing some debits of balances in such accounts for outward remittances, but there is currently no established timetable for the complete removal of the restrictions.

### **Money and Banking System**

According to the Asian Development Bank Institute, four types of banks operate in formal financial markets — public sector commercial banks (PSCBs), development financial institutions (DFIs), private commercial banks (PCBs), and foreign commercial banks (FCBs). Some 56 banks including four PSCBs, four DFIs, 39 PCBs, and nine FCBs operate in Bangladesh within a network of 8,794 total branch offices as of the end June 2014. Microfinance institutions (MFIs) remain the dominant players in rural financial markets and, as of 2016, there were 692 licensed micro-finance institutions operating a network of 17,241 branches with 33.17 million members. A 2014 Institute of Microfinance survey study showed that around 40% of the adult population and 75% of households had access to financial services in Bangladesh.

The banking sector has had a mixed record of performance over the past several years, but the sector has maintained overall healthy growth. Total assets in the banking sector stood at 65.2 percent of gross domestic product through September 2016. The gross non-performing loan (NPL) ratio was 10.3 percent through September 2016, with NPLs concentrated in six banks, each holding double-digit NPL rates in 2016.

The Bangladesh Bank acts as the Central Bank of Bangladesh (BB), which was established on December 16, 1971 through the enactment of the Bangladesh Bank Order-1972. General supervision and strategic direction of BB has been entrusted to a 9-member Board of Directors, which is headed by the BB Governor. BB has 45 departments and 10 branch offices.



## **Foreign Exchange and Remittances**

### *Foreign Exchange*

Free repatriation of profits is legally allowed for registered companies and profits are generally fully convertible on the current account. However, companies report that the procedures for repatriation of foreign currency are lengthy and cumbersome. The Foreign Investment Act guarantees the right of repatriation of invested capital, profits, capital gains, post-tax dividends, and approved royalties and fees for businesses. The central bank's exchange control regulations and the U.S.-Bangladesh Bilateral Investment Treaty (in force since 1989) provide similar investment transfer guarantees. The Bangladesh Investment Development Authority may need to approve repatriation of royalties and other fees.

According to the IMF, Bangladesh maintains a de jure floating exchange rate regime. Effective February 2013, the de facto regime was reclassified from “other managed” to a “stabilized arrangement”. The Bangladesh currency, the taka, is approaching full convertibility for current account transactions, such as imports and travel, but not for capital account transactions, such as investing, currency speculation, or e-commerce. The Bangladesh taka has been relatively stable vis-à-vis the U.S. dollar from 2013-2016, largely trading between 76 and 78.5 taka for each U.S. dollar.

### *Remittance Policies*

There are no set time limitations or waiting periods for remitting all types of investment returns. Remitting dividends, returns on investments, interest, and payments on private foreign debts do not require approval from the central bank and transfers are done within one to two weeks. For repatriating lease payments, royalties and management fees, some central bank approval is required, and this process can take between two and three-weeks. If a company fails to submit all the proper documents for remitting, it may take up to 60 days. Foreign investors have reported difficulties in transferring funds to overseas affiliates and making payments for certain technical fees without the government's prior approval to do so. Additionally, some regulatory agencies have reportedly blocked the repatriation of profits due to sector-specific regulations. The U.S. Embassy also received complaints of American citizens not being able to transfer the proceeds from the sale of their properties. There is no mechanism in place for foreign investors to repatriate through government bonds issued in lieu of foreign currency payments. Bangladesh is not involved in currency manipulation tactics.

The Financial Action Task Force (FATF) notes that Bangladesh has established the legal and regulatory framework to meet its Anti-Money Laundering/Counterterrorism Finance commitments. The Asia/Pacific Group on Money Laundering (APG), an independent and collaborative international organization based in Bangkok, conducted its [Mutual Evaluation](#) of Bangladesh's AML/CTF regime in September 2016 and found that Bangladesh had made significant progress since the last Mutual Evaluation Report (MER) in 2009, but that Bangladesh still faces significant money laundering and terrorism financing risks.

## Sovereign Wealth Funds

The Bangladeshi Finance Ministry announced in 2015 that it is exploring the possibility of establishing a sovereign wealth fund for the purposes of investing a portion of Bangladesh’s foreign currency reserves. In February 2017, the Cabinet gave initial approval for the “Bangladesh Sovereign Wealth Fund,” (BSWF) which will be created with funds from the excess foreign exchange reserves. The government claims the BSWF will be used to invest in “public interest” projects. Bangladesh does not currently follow the Santiago Principles, a voluntary set of 24 principles and practices designed to maintain an open and stable investment climate.

## State-Owned Enterprises

The government privatized 74 state-owned enterprises (SOEs) during the past 20 years, but many SOEs retain an important role in the economy, particularly in the financial and energy sectors. Out of the 75 SOEs, 54 were privatized through outright sale and 20 through offloading of shares. The Privatization Commission (PC) has slowed its rate of privatization activities and in 2016, the PC merged with the Board of Investment (BOI) to form a new Bangladesh Investment Development Authority (BIDA). The 54 non-financial public enterprises in the country have been categorized into 7 sectors following the Bangladesh Standard Industrial Classification (BSIC) and their economic and financial performances are analyzed in the government budget.

Bangladesh’s 45 non-financial SOEs are spread among seven sectors – industrial; power, gas and water; transport and communication; trade; agriculture; construction; and services. The list of non-financial SOEs is published in Bangla in the Ministry of Finance’s SOE Budget Summary 2016-17:

**Table 3: List of Non-Financial State Owned Enterprises**

Sector	No. of Enterprises	Title of Enterprises (Non-financial)
Industrial	6	Bangladesh Textile Mills Corporation (BTMC), Bangladesh Steel & Engineering Corporation (BSEC), Bangladesh Sugar & Food Industries Corporation (BSFIC), Bangladesh Chemical Industries Corporation (BCIC), Bangladesh Forest Industries Development Corporation (BFIDC), and Bangladesh Jute Mills Corporation (BJMC).
Power, Gas and Water	5	Bangladesh Oil, Gas & Mineral Resources Corporation, Bangladesh Power Development Board (BPDB), Dhaka Water and Sewerage Authority (WASA), Chittagong Water and Sewerage Authority, and Khulna Water and Sewerage Authority.
Transport and Communication	7	Bangladesh Shipping Corporation (BSC), Bangladesh Inland Water Transport Corporation (BIWTC), Bangladesh Road Transport Corporation (BRTC), Chittagong Port Authority, Mongla Port Authority, Mongla Dock Worker’s Management Board, and Bangladesh Land Port Authority.
Trade	3	Bangladesh Petroleum Corporation (BPC), Bangladesh Jute Corporation (BJC), and Trading Corporation of Bangladesh (TCB).

Agriculture	2	Bangladesh Fisheries Development Corporation (BFDC), and Bangladesh Agriculture Development Corporation (BADC).
Construction	5	Rajdhani Unnayan Kartipaksha (RAJUK), Chittagong Development Authority (CDA), Rajshahi Development Authority (RDA), Khulna Development Authority (KDA), and the National Housing Authority.
Services	17	Bangladesh Muktijoddha Kalyan Trust, Bangladesh Film Development Corporation (BFDC), Bangladesh Parjatan Corporation (BPC), Bangladesh Small and Cottage Industries Corporation (BSCIC), Bangladesh Civil Aviation Authority, Bangladesh Inland Water Transport Authority (BIWTA), Rural Electrification Board (REB), Bangladesh Export Processing Zone Authority (BEPZA), Bangladesh Handloom Board, Bangladesh Sericulture Board, Bangladesh Water Development Board (BWDB), Bangladesh Tea Board, Bangladesh Telecommunication Regulatory Commission (BTRC), Export Promotion Bureau (EPB), Bangladesh Sericulture Research Institute, Bangladesh Bridge Authority, and Bangladesh Energy Regulatory Commission.

**Table 4: Assets and Revenue of Non-financial State Owned Enterprises (millions of taka)**

	2016-17 Estimated Budget	2015-16 Revised Budget
Operating revenue	1,527,962	1,422,988
Operating surplus	140,352	130,549
Non-operating Revenue	24,882	23,711
Employee participation fund	782	637
Subsidy (direct)	5	5
Interest	26,852	25,072
Net profit/loss (after taxes)	137,553	128,505
Taxes	11,728	11,340
Net profit after taxes	125,825	117,165
Dividend	40,479	63,062
Retained earning	81,869	50,566
Total investment/fund	3,637,727	3,206,634
Equity	860,171	656,438
% of operating profit to total assets	3.86	4.07
% of net profit to operating revenue	8.23	8.23
% of dividends to equity	4.71	9.61
Turnover on total assets	0.42	0.44

The current government has taken steps to restructure several SOEs to improve their competitiveness. The government converted Biman Bangladesh Airline, the national airline,

into a public limited company that initiated a rebranding and fleet renewal program, including the purchase of ten aircraft from Boeing, six of which were delivered by March 2016. Three nationalized commercial banks (NCBs) -- Sonali, Janata and Agrani -- have been converted to public limited companies. The government also liberalized the telecommunications sector during the last decade, which led to the development of a competitive cellular phone market.

The contribution of SOEs to gross domestic product (GDP), value addition, employment generation and revenue earning is substantial. SOEs usually report to the ministries, though the government has allowed some enhanced autonomy for certain SOEs, such as Biman Bangladesh Airline. SOEs maintain control of rail transportation whereas private companies compete freely in air and road transportation. The corporate governance structure of SOEs in Bangladesh has been restructured as per the guidelines published by the Organization for Economic Cooperation and Development (OECD), but the country's practices are still not quite up to OECD standards. There are no guidelines regarding ownership of SOEs, and while SOEs are required to prepare annual reports and make financial disclosures, disclosure documents are often unavailable to the public. Each SOE has an independent board of directors composed of both government and private sector nominees. The boards report to the relevant regulatory ministry. Most SOEs have strong ties with the government, and the ruling government party nominates most SOE leaders. As the government controls most of the SOEs, domestic courts tend to favor the SOEs in investment disputes.

The Bangladesh Petroleum Act of 1974 grants authority for the government to award natural resources contracts and the Bangladesh Oil, Gas and Mineral Corporation Ordinance of 1984 gives Petrobangla, the state-owned oil and gas company, authority to assess and award natural resource contracts and licenses, to both SOEs and private companies. Currently, oil and gas firms can pursue exploration and production ventures only through production sharing agreements with Petrobangla.

### **Privatization Program**

Since 2010, the government's privatization drive has slowed. Previous privatization drives were plagued with allegations of corruption, undervaluation, political favoritism, and unfair competition. Nonetheless, the government has publicly stated its goal of continuing the privatization drive. As of January 2010, 22 SOEs were included in the Privatization Commission's (now the Bangladesh Investment Development Authority's) program for privatization. These are:

1. Procurement & Sales Organization, Kaptai, Rangamati;
2. Lumber Processing Complex, Kaptai, Rangamati;
3. Karnafuli Timber Extraction Unit, Kaptai, Rangamati;
4. Arco Industries Ltd., Chittagong;
5. SAF Industries Ltd., Noapara, Jessore;
6. Rangamati Textiles Mills Ltd., Ghagra, Rangamati;
7. Tangail Cotton Mills Ltd., Gorai, Tangail;
8. Magura Textile Mills Ltd., Magura;
9. Rajshahi Silk Factory, Rajshahi;
10. Thakurgaon Silk Factory, Thakurgaon;

11. Dhaka Leather Company Ltd., Nayarhat, Savar, Dhaka;
12. North Bengal Paper Mills Ltd., Pakshi, Pabna;
13. Chittagong Chemical Complex, Chittagong;
14. Karnafuli Rayon & Chemical Ltd., Kaptai, Rangamati;
15. Bangladesh Can Company Ltd., Chittagong;
16. Monowar Jute Mills Ltd., Siddirganj, Narayanganj;
17. Aroma Tea Ltd., Fauzdarhat, Chittagong;
18. Handloom Facilities Center (HFC), Raypura, Narsingdi;
19. Fish Landing Center & Wholesale Fish Market, Daburghat, Sunamganj;
20. Dhaka Match Factory;
21. Salatin Syndicate, Dhaka;
22. Tiger Wire Products

SOEs can be privatized through a variety of methods including: sales through international tender; sales of government shares in the capital market; transfers of some portion of the shares to the employees of the enterprises when shares are sold through the stock exchange; sale of government shares to a private equity company (restructuring); mixed sales methods; management contracts; leasing; and direct asset sales (liquidation).

## **Responsible Business Conduct**

The business community is increasingly aware and engaged in responsible business conduct (RBC) activities with multinational firms leading the way. While many firms in Bangladesh fall short on RBC activities and instead often focus on philanthropic giving, some of the leading local conglomerates have begun to incorporate increasingly rigorous environmental and safety standards in their workplaces. U.S. companies present in Bangladesh maintain diverse RBC activities. Consumers in Bangladesh are generally less aware of RBC, and consumers and shareholders exert little pressure on companies to engage in RBC activities.

While many international firms are aware of OECD guidelines and international best practices in RBC, many local firms have limited familiarity with international standards. Two RBC NGOs are currently active that work with the private sector, Bangladesh Bank and the United Nations: 1) [CSR Bangladesh](#); and 2) [CSR Centre Bangladesh](#). Along with the Bangladesh Enterprise Institute (BEI), the CSR Centre is the joint focal point for United Nations Global Compact (UNGC) and its principles in Bangladesh. The UN Global Compact is the world's largest corporate citizenship and sustainability initiative. The Centre is a member of a regional RBC platform called the South Asian Network on Sustainability and Responsibility (SANSAR). Currently, SANSAR has five member countries including Afghanistan, Bangladesh, India, Nepal, and Pakistan.

While several NGOs have proposed National Corporate Social Responsibility Guidelines, the Government of Bangladesh has yet to adopt any national standards for RBC. As a result, the government encourages enterprises to follow generally accepted RBC principles and does not mandate any specific guidelines.

Bangladesh has natural resources, but it has not joined the Extractive Industries Transparency Initiative (EITI). The country does not adhere to the Voluntary Principles on Security and Human Rights.

## **Corruption**

Corruption remains a serious impediment to investment and economic growth in Bangladesh. While the government has established legislation to combat bribery, embezzlement and other forms of corruption, enforcement is inconsistent. The Anti-Corruption Commission (ACC) is the main institutional anti-corruption watchdog. With recent amendments to the Money Prevention Act, the ACC is no longer the sole authority to probe money-laundering offenses. Although it still has primary authority for bribery and corruption, other agencies will now investigate related offenses.

- Bangladesh Police (Criminal Investigation Department) – Most predicate offenses.
- NBR – VAT, taxation, and customs offenses.
- Department of Narcotics Control – Drug related offenses.

The current Awami League-led government has publicly underscored its commitment to anticorruption efforts and reaffirmed the need for a strong ACC. Efforts to ease public procurement rules and a recent constitutional amendment that reduced the independence of the ACC, however, may undermine institutional safeguards against corruption. Bangladesh is a party to the UN Anticorruption Convention, but it has still not joined the OECD Convention on Combating Bribery of Public Officials.

Corruption is common in public procurement, tax and customs collection, and regulatory authorities. Corruption, including bribery, raises the costs and risks of doing business. By some estimates, off-the-record payments by firms may result in an annual reduction of two to three percent of GDP. Corruption has a corrosive impact on the broader business climate market and opportunities for U.S. companies in Bangladesh. It also deters investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

### **UN Anticorruption Convention, OECD Convention on Combatting Bribery**

Bangladesh has signed and ratified the UN Anticorruption Convention. Bangladesh is currently not a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

### **Resources to Report Corruption**

Contact at government agency responsible for combating corruption:

Mr. Md. Badiuzzaman

Chairman

Anti-Corruption Commission, Bangladesh

1, Segun Bagicha, Dhaka 1000

Tel:+88-02-8333350

Email: chairman@acc.org.bd

Contact at “watchdog” organization:

M. Hafizuddin Khan

Chairman

Transparency International Bangladesh (TIB)

House #141, Block-E, Road # 12 Banani, Dhaka -1213

Tel: +880 2 988 7884, 882 6036  
Email: edtib@ti-bangladesh.org

## **Political and Security Environment**

Clashes between supporters of rival political parties and their student and youth wings and even factions within the same party are frequent occurrences, particularly in the run-up to elections. General strikes and blockades called by political parties affect businesses by keeping workers away with threats of violence and by blocking transport, resulting in increased costs and productivity losses. Vehicles and other property are at risk from vandalism or arson during such events, and looting of shops has occurred. There were significant periods of political violence and unrest for the first few months in both 2014 and 2015, but this type of violence has diminished significantly in 2016.

Starting in September and October 2015, a new threat stream emerged, culminating in attacks against foreigners, religious minorities and law enforcement personnel. Militants claiming to be affiliated with the Islamic State of Iraq and ash Sham / Islamic State of Iraq and the Levant (ISIS) and Al Qaeda in the Indian Subcontinent (AQIS) claimed responsibility for these attacks, including the murders of two foreign nationals, an Italian and a Japanese, and several attacks on religious minorities and government military installations.

On July 1, 2016, terrorists killed more than 20 people, including one U.S. citizen, in a restaurant frequented by foreigners in Dhaka's diplomatic enclave. In October 2016, ISIS threatened to target "expats, tourists, diplomats, garment buyers, missionaries, and sports teams" in the most "secured zones" in Bangladesh.

The U.S. government considers the potential threat to U.S. government personnel in Bangladesh to be serious enough to require them to live, work, and travel under strict security guidelines. The internal security policies of the U.S. Mission in Bangladesh may be changed or adjusted at any time and without advance notice.

New security guidelines encourage U.S. citizens to take stringent security measures, remain vigilant, and to be alert to local security developments. U.S. government officials currently are not permitted to:

- Visit public establishments or places in Bangladesh
- Travel on foot, motorcycle, bicycle, rickshaw, or other uncovered means on public thoroughfares and sidewalks in Bangladesh
- Attend large gatherings in Bangladesh

For further information, see the State Department's travel website for the Worldwide Caution, Travel Warnings, Travel Alerts, and Bangladesh Country Specific Information.

## **Labor Policies and Practices**

Bangladesh has a population of approximately 156 million people and a working age population (15 years or older) of 106.3 million, of whom 58 million are employed and 2.6 million meet the definition of unemployed. Of the employed population, 37 percent (21.5 million) were between the ages of 15-29 years old. The 2013 Bangladesh Bureau of Statistics Survey indicates 45 percent of the employed labor force works in agriculture, 34.1 in services

and 20.8 percent in the industrial sector. It estimates 86.9 percent of the employed workers are in the informal sector.

Bangladesh's comparative advantage in cheap labor for manufacturing is partially offset by lower productivity due to lack of skills development, poor management, pervasive corruption, and inefficient infrastructure. Bangladeshi workers have a strong reputation for hard work, entrepreneurial spirit, and a positive and optimistic attitude. With an average age in Bangladesh of 26 years, the country boasts one of the largest and youngest labor forces in the world.

Bangladesh has labor laws that specify employment conditions, working hours, minimum wage levels, leave policies, health and sanitary conditions, and compensation for injured workers. Freedom of association and the right to join unions are guaranteed in the constitution. In practice, compliance and enforcement of labor laws are inconsistent, and companies frequently discourage the formation of labor unions. Export Processing Zones (EPZs), which currently do not allow trade union participation, are a notable exception to the national labor law (see below). Historically, unions have been heavily politicized and labor-management relations contentious. After the highly publicized collapse of the Rana Plaza garment factory building in 2013, which killed more than 1,100 people, international pressure forced the government to amend the country's labor laws, although there remain some deviations from international standards.

The Ministry of Labor and Employment (MOLE) reports that there are 7,659 trade unions in Bangladesh, covering nearly 3 million workers, with 507 unions in the garment sector, including 375 new unions registered since 2013. MOLE reported that there were 16 unions in the shrimp sector and 13 unions in the leather and tannery sector.

The Joint Directorate of Labor is the body responsible for approving union applications and has broad authority in this regard. Since July 2013, following the establishment of the U.S. GSP Action Plan for Bangladesh to work toward regaining suspended GSP benefits, more than 300 unions have been registered, although reports of problems with the registration process are on the rise. Despite international efforts to support the registration of unions and to investigate unfair labor practices, threats and harassment of union leaders continue to be reported. In a sector with more than 3,500 factories, approximately only a dozen have collective bargaining agreements.

The Bangladesh Labor Act (BLA) was amended in 2013, and its implementing rules and regulations published in October 2015. The Rules provided much awaited clarification on key issues, such as the process to form occupational safety and health committees. The Rules also include regulations for outsourcing companies, requiring them to register with the Ministry of Labor and Employment.

Under the BLA, legally registered unions are entitled to submit charters of demands and bargain collectively with employers, but this has rarely occurred in practice. The law provides criminal penalties for unfair labor practices such as retaliation against union members for exercising their legal rights. Labor organizations reported that in some companies, workers did not exercise their collective bargaining rights due to fear of reprisal, but also because their unions' found success addressing grievances with management informally.



The government does not consistently and effectively enforce applicable labor law. For example, the law establishes mechanisms for conciliation, arbitration, and dispute resolution by a labor court and workers in a collective-bargaining union have the right to strike in the event of a failure to reach a settlement. In practical terms, few strikes followed the cumbersome and time consuming legal requirements for settlements, and strikes or walkouts often occurred spontaneously.

In July 2004, parliament enacted a law for export processing zones (EPZs). The 2004 EPZ law does not currently guarantee freedom of association for workers within the EPZs. Parliament has continued to defer action on a draft EPZ law, and according to the ILO, neither the draft EPZ law nor the BLA meet international labor standards. The Parliamentary Standing Committee on Law, Justice, and Parliamentary Affairs held several hearings on the draft law, including one on September 29 at which the committee solicited feedback from the international community. Following the September 29 meeting, the committee chair assigned a subcommittee the task of reviewing comparable practices in neighboring countries. The subcommittee had not submitted its report to the committee chair as of the end of 2016.

The BLA guarantees workers the right to conduct lawful strikes, but with many limitations. For example, the government may prohibit a strike deemed to pose a “serious hardship to the community” and may terminate any strike lasting more than 30 days. The BLA also prohibits strikes at factories in the first three years of commercial production, and at factories owned by foreign investors or built with foreign investment funds. Starting in December 2016, 59 factories in Ashulia, an industrial suburb of Dhaka, experienced work stoppages when thousands of workers went on strike to demand wage increases. Although the country’s major labor federations did not organize the strike, at least 25 labor leaders and workers were detained and charged by local authorities for a range of allegations, including charges under the Special Powers Act of 1974. Following reported harassment from the industrial police, several labor federations operating in Ashulia and other areas closed their offices.

In the aftermath of the 2013 Rana Plaza building collapse that killed 1,138 workers and injured more than 2,500, private companies, foreign governments, and international organizations worked with the government to inspect more than 3,660 garment factories, leading to 39 full and 42 partial closures of factories for imminent danger to human life as of August 2016. Many factories began to take action to improve safety conditions, although remediation efforts have proceeded slowly due to a range of factors, including inadequate financing for factories.

## **OPIC and Other Investment Insurance Programs**

The U.S. Overseas Private Investment Corporation (OPIC) is not currently authorized for operation in Bangladesh. Investors should check [OPIC's website](#) for updates.

OPIC and the Government of Bangladesh signed an [updated bilateral agreement](#) in May 1998.

More information on OPIC services can be found at the [OPIC services website](#).

Bangladesh is also a member of the [Multilateral Investment Guarantee Agency \(MIGA\)](#).

## Foreign Direct Investment and Foreign Portfolio Investment Statistics

**Table 5: Key Macroeconomic Data, U.S. FDI in Host Country/Economy**

Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	\$219.4 billion	2015	\$195.1 billion	<a href="#">The World Bank</a>
Foreign Direct Investment	2016	\$2.0 billion	2015	\$1.8 billion	<a href="#">Bangladesh Bureau of Statistics</a>
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$449.74 million	2015	\$589 million	<a href="#">BEA</a>
Host country's FDI in the United States (\$M USD, stock positions)	2014	\$0.45	2015	N/A	<a href="#">BEA</a>
Total inbound stock of FDI as % host GDP	2016	0.9%	2015	0.9%	<a href="#">Bangladesh Bureau of Statistics</a> , <a href="#">The World Bank</a>

**Table 6: Sources and Destination of FDI**

Direct Investment from/in Counterpart Economy Data (2015)					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
\$	\$12,352	100%	Total Outward	\$188	100%
United States	\$3,019	24.4%	United Kingdom	\$47	25.0%
United Kingdom	\$1,294	10.5%	China, P.R.: Hong Kong	\$36	19.1%
Australia	\$909	7.4%	India	\$35	18.6%
South Korea	\$715	5.8%	United Arab Emirates	\$27	14.4%
Netherlands	\$689	5.6%	Nepal	\$20	10.6%

"0" reflects amounts rounded to +/- USD 500,000.

**Table 7: Sources of Portfolio Investment**

Portfolio Investment Assets (December, 2015)								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	\$2,452	100%	All Countries	\$20	100%	All Countries	\$2,432	100%
United States	\$329	13.4%	Saudi Arabia	\$8	40.0%	United States	\$329	13.5%
Germany	\$313	12.8%	Sri Lanka	\$8	40.0%	Germany	\$313	12.9%
United Kingdom	\$221	9.0%	Pakistan	\$5	25.0%	United Kingdom	\$221	9.1%
France	\$119	4.9%	N/A	N/A	N/A	France	\$119	4.9%
Spain	\$112	4.6%	N/A	N/A	N/A	Spain	\$112	4.6%

Data from the Bangladesh Bank, the country's central bank, showed the United States was the highest net contributor of foreign direct investment (FDI) to Bangladesh during fiscal year 2016, which ended June 30. Net FDI from the United States doubled from \$225 million in FY2015 to \$450 million in FY2016. However, gross FDI inflows from the United States were down slightly to \$456.1 million in FY2016 from \$479 million in FY2015. U.S. FDI in Bangladesh was concentrated in the energy sector.

Bangladesh's net FDI reached \$2 billion in FY2016, a 9 percent year-on-year increase. Following the United States, the United Kingdom, South Korea, Singapore, and Hong Kong rounded out the top five contributors of FDI in Bangladesh. Over the past five years, the country has also seen a notable increase in FDI from Southeast Asia with Singapore, Malaysia, and Thailand accounting for nearly 15 percent of net FDI inflows in FY 2016 compared to only 5 percent in FY2012.

The Bangladesh Bank report also showed the United States has the largest cumulative investments (FDI stock) in Bangladesh, \$3.2 billion, over twice as much as the next country, the United Kingdom with \$1.53 billion. Of the United States' total \$3.2 billion in FDI stock, 83 percent was in the gas and petroleum sector followed by the banking and "other" sectors. Overall, Bangladesh's FDI stock reached record levels growing 7.56 percent to \$13.4 billion in FY2016. Gas and petroleum, textiles and garments, and banking constituted the top three sectors overall.

### **Contact for More Information**

Commercial Section  
Embassy of the United States of America  
Madani Avenue, Baridhara,  
Dhaka -- 1212  
Tel: +880 2 5566-2000  
Email: [USTC-Dhaka@state.gov](mailto:USTC-Dhaka@state.gov)

## **Trade & Project 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. This is true whether the importer is a private firm or part of the government and whether or not 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. Performance bonds can be arranged with a bank operating in Bangladesh, including several international banks.

### **Banking Systems**

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

### **Foreign Exchange Controls**

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

### **US Banks & Local Correspondent Banks**

Scheduled banks have arrangements with U.S. correspondent banks for their U.S. dollar clearing requirements. Citibank N.A. is currently the only U.S. bank operating in Bangladesh.

### **Project Financing**

A 2015 Asian Development Bank (ADB) report noted that 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 rollover existing loans, which can be destabilizing to the financial system.

According to the ADB, the Private Equity industry (including venture capital) in Bangladesh is still largely at a nascent stage with only about \$150 to \$200 million 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 the three major developmental finance agencies, namely, the International Finance Corporation (IFC) (part of

World Bank Group), the UK's CDC Group (formerly the Commonwealth Development Corporation) 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 listed in the International Comparative Legal Guide include:

- A \$210 million loan for setting up a 341 megawatt (MW) combined-cycle gas-fired power plant project near Bibiyana. The loan was extended by the ADB, IFC, and the Islamic Development Bank.
- In the telecommunication sector, Robi received a \$99 million IFC loan to expand its 3G network in Bangladesh. The loan has been received at LIBOR plus 2% with a tenor of seven years.
- In the shipping sector, Summit Alliance Port Limited received \$30.51 million from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. and Infrastructure Development Company Ltd. for the development of an inland container depot, including the construction, operation and maintenance of a quay/container berth, acquisition and installation of necessary cargo handling equipment, and acquisition of vessels.

The ADB study goes on to explain that, given the relatively new status of private equity investment in Bangladesh, corporations still largely view private equity as simply 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.

### **Multilateral Development Banks:**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Asian Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [Asian Development Bank](#) and the [World Bank](#).

### **Financing Web Resources**

[Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry and Analysis team

[Export-Import Bank of the United States \(EXIM\)](#)

[EXIM Country Limitation Schedule](#)

[Overseas Private Investment Corporation \(OPIC\)](#) – OPIC is currently excluded from working Bangladesh

[Trade and Development Agency](#)

[Small Business Administration's \(SBA\) Office of International Trade](#)

[U.S. Department of Agriculture Commodity Credit Corporation](#)

[U.S. Agency for International Development \(USAID\)](#)

[Commercial Liaison Office to the Asian Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

## **Business Travel**

### **Business Customs**

The Bangladesh workweek is from Sunday – Thursday. 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 that 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 that 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.

### **Travel Advisory**

Please visit 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 to allow U.S. citizens and nationals traveling abroad to enroll their trip 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, a Bangladeshi visa, and an onward or return ticket.

U.S. citizens are eligible for visas on arrival. 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.

Visas must be in a valid passport. In country, you may obtain a visa in your 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 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.

## **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, it 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 our website.

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

## **Currency**

The Bangladeshi taka (BDT) is the local currency in Bangladesh. 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 U.K. 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 in many establishments.

Banks are open from 10:00 AM to 3:00 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 3G 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 with together with their user’s biometric data.

The normal voltage in Bangladesh is 220 volts and the standard frequency is 50 Hz. There are four types of power supply plugs used in Bangladesh: types G, C, D and K with the primary power supply plugs being 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;
- Do not travel by road without an experienced local driver or guide;
- Exercise particular vigilance along intercity highways, as banditry and carjacking have been known to occur;
- Monitor local news for any reports of road disturbances as protestors and demonstrators often use road blockage as a means of publicizing their grievances.

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 at least of 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 website](#).

### **Public Transportation**

The U.S. Embassy strongly urges visitors to not use buses, rickshaws, and mini-taxis, due to their high accident rate and crime issues. Instead, the Embassy recommends renting a car and 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 many train stations because of the relatively atypical presence of foreign travelers on rail in the country.

## **Aviation Safety Oversight**

The U.S. Federal Aviation Administration (FAA) has assessed the government of Bangladesh's Civil Aviation Authority as not being 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 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 provide medical 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 6 hours ahead of Greenwich Mean Time (GMT+6). Bangladesh observes a Sunday to Thursday workweek. Business hours are 9:00 am to 5:00 pm. The Embassy, government offices and most businesses observe a two-day weekend (Friday and Saturday). Please visit this [list of holidays](#) observed by the U.S. Embassy for more information.

Muslim religious holidays may vary with the appearance of the moon.

## **Temporary Entry of Materials or 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.

### **Travel Related Web Resources**

[U.S. Department of State's Travel Website](#)

[U.S. Department of State's Smart Traveler Enrollment Program \(STEP\)](#)

[U.S. Embassy in Bangladesh](#)

[Embassy of Bangladesh in Washington, D.C.](#)

[Bangladesh Tourism Board](#)

[Visit Bangladesh](#)